

December 2000

Major State Aids and Taxes
A Comparative Analysis

1999 Update

This report presents a comparative analysis of the major state aids and taxes in Minnesota. This data has been distributed in various formats by House Research for many years, although many of the reports in earlier years contained significantly less information.

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Introduction

This report presents a comparative analysis of the major state aids and taxes in Minnesota. It is a reference document and is **NOT INTENDED** to be a complete list of all the aids and credits paid by the state and all the taxes collected by the state. The report contains data on:

- **Major State Aids** including education aid, human services aid, highway aid, local government aid (LGA), disparity reduction aid (DRA), homestead and agricultural credit aid (HACA), county criminal justice aid, community corrections funding, property tax refund, and targeting.
- **Property Tax Data** including property tax levies by type of taxing district, miscellaneous property tax credits, property valuation data, and average tax rates.
- **Major State Taxes** including individual income tax, sales/use tax, motor vehicle sales tax, motor vehicle license tax, motor fuels tax, and corporate franchise (income) tax.

The report is divided into four main sections.

Section 1 discusses the state aids, property tax data, and state taxes and gives the assumptions and caveats for using the report. It contains current and historical data using graphs, maps, and tables in both total dollars and on a per capita basis.

Section 2 presents **STATEWIDE SUMMARY DATA**. A sample table with a general explanation introduces the section. The section contains the summary data for the most recent available year on the statewide totals and compares the metro and the nonmetro economic development regions to each other.

Section 3 compares aid and tax data for the most recent available year for each of the **13 ECONOMIC DEVELOPMENT REGIONS** to total statewide date.

Section 4 compares aid and tax data for the most recent available year for each **COUNTY** to total statewide data and to the economic development region in which the county is located.

1. Current and Historical Data

Section 1 contains the most recent available data for the major state aids, credits, and taxes and describes the programs under the general categories in the tables of this report. The assumptions and caveats when using the report are mentioned in this section. In addition to information from the most recent year, section 1 also contains historical information. The data is for a five-year time period.

Section 1 is divided into three parts. They are:

- Major state aids
- Property tax data
- Major state taxes

Some of the data in this section relates to county level, while other tables and graphs are by region or groupings of regions. One table and one graph use northern and southern groupings of the 80 nonmetro counties. The groupings were selected for convenience, rather than for any specific analytical purpose. The northern and southern regions are grouped as follows:

Northern Regions

1	Northwest
2	Headwaters
3	Arrowhead
4	West Central
5	Five
7E	East Central

Southern Regions

6E	Six East
6W	Upper Minnesota Valley
7W	Central Minnesota
8	Southwest
9	Nine
10	Southeastern Minnesota

The seven metro counties are not included in either the northern or southern regions. A table on page 5 lists the 1999 county population estimates, which were used to calculate per capita amounts in the report. A map and accompanying table on pages 6 and 7 show the counties and the economic development regions.

The standard format for each aid or tax consists of five or six pages of information. The first three (or four) pages contain information and data for the latest available year; the last two contain historical data.

FIRST PAGE:* A program description of the aid or tax. It also contains the statewide amount for the most recent available year, any relevant reporting information, and the source of the data. In some cases, summary tables itemizing the data in different ways (e.g., by program totals) are included. Any recent law changes that affect the program and are important in analyzing the data are noted on this page.

SECOND AND THIRD PAGES: A map showing the per capita distribution of the aid or tax by **county** for the most recent year (second page) and by **economic development region (EDR)** for the most recent year (third page).

The counties were grouped by dividing the data range for each aid and tax into four segments. The map legend shows the size of the four segments, the per capita amount received or paid by the average county or economic development region (EDR), the range from lowest to highest amount per capita, and the overall statewide per capita amount. In some cases, a small number of counties may have per capita aid or tax amounts much higher or lower than all other counties. For purposes of comparability, the groupings constructed on the county data ranges were also used for maps presenting data by economic development region.

All maps are on a per capita basis for comparability among counties and consistency with tables used in the report. For some aids and taxes, however, other measures would probably be more appropriate. For example, a measure incorporating per pupil units could provide insight into the distribution of education aid. Construction of such measures on a county basis is beyond the scope of this report due to time and data limitations. Where appropriate, footnotes are provided suggesting alternatives.

FOURTH PAGE: A table containing the historical data for the state and the geographic areas of the state. The right hand column shows a percentage change for the time period presented, calculated using current dollars (e.g., not adjusted for inflation). Hennepin and Ramsey counties are shown separately from the rest of the metro counties on this page and the next one because of their greater size, and because each contains a city of the first class.

At the bottom of this page is a statewide graph containing a trend of the data in current (actual) dollars and in constant (inflation-adjusted) dollars. This is the only place where amounts presented are adjusted for inflation.

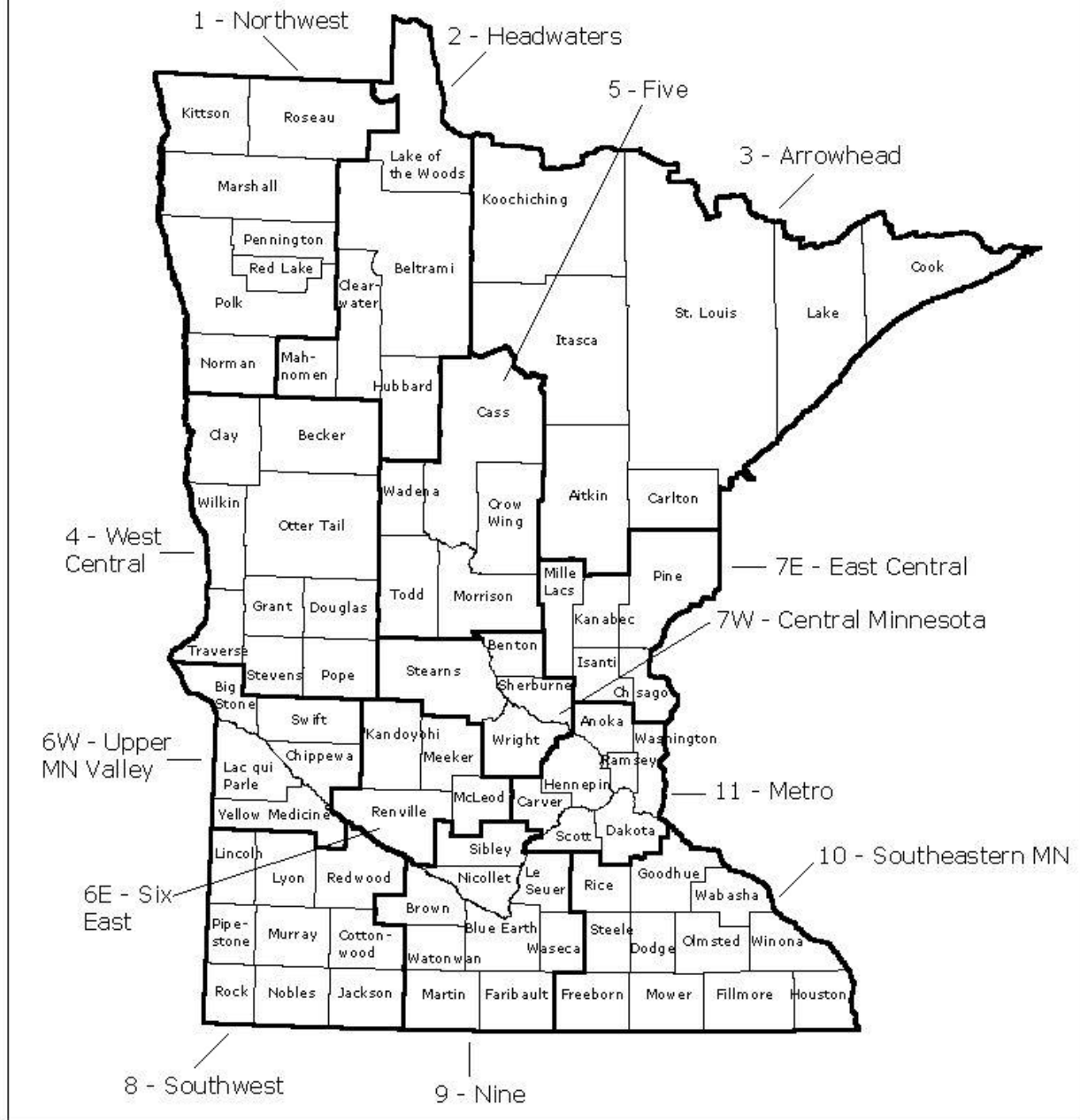
FIFTH PAGE: The bar graph on the last page of each set shows a per capita aid or tax, comparing the first year and the last year of the time period, unadjusted for inflation. The statewide per capita is shown on the top line, followed by the 12 nonmetro economic development regions. In the case of the metro region, Hennepin County and Ramsey County are shown separately, followed by the remaining five metro counties.

* For some of the aids or taxes, this discussion takes two pages.

The 1999 population estimates listed below, determined by the state demographer, are used to calculate all per capita amounts in the report.

<u>County name</u>	<u>Population</u>	<u>Percent State Total</u>	<u>County Name</u>	<u>Population</u>	<u>Percent State Total</u>
Aitkin	14,235	0.3%	Martin	22,694	0.5%
Anoka	297,776	6.2	Meeker	21,929	0.5
Becker	29,779	0.6	Mille Lacs	21,355	0.4
Beltrami	38,644	0.8	Morrison	31,756	0.7
Benton	35,110	0.7	Mower	37,583	0.8
Big Stone	5,794	0.1	Murray	9,544	0.2
Blue Earth	55,877	1.2	Nicollet	30,464	0.6
Brown	28,012	0.6	Nobles	19,920	0.4
Carlton	31,591	0.7	Norman	7,637	0.2
Carver	66,168	1.4	Olmsted	121,452	2.5
Cass	25,644	0.5	Otter Tail	55,192	1.1
Chippewa	13,152	0.3	Pennington	13,606	0.3
Chisago	42,041	0.9	Pine	24,496	0.5
Clay	53,322	1.1	Pipestone	10,343	0.2
Clearwater	8,392	0.2	Polk	32,004	0.7
Cook	4,595	0.1	Pope	10,980	0.2
Cottonwood	12,773	0.3	Ramsey	497,919	10.3
Crow Wing	52,698	1.1	Red Lake	4,384	0.1
Dakota	347,245	7.2	Redwood	17,193	0.4
Dodge	17,504	0.4	Renville	17,412	0.4
Douglas	31,800	0.7	Rice	54,888	1.1
Faribault	16,364	0.3	Rock	9,801	0.2
Fillmore	20,914	0.4	Roseau	16,314	0.3
Freeborn	32,238	0.7	St. Louis	199,080	4.1
Goodhue	43,469	0.9	Scott	81,534	1.7
Grant	6,165	0.1	Sherburne	63,182	1.3
Hennepin	1,089,024	22.5	Sibley	14,997	0.3
Houston	19,545	0.4	Stearns	133,977	2.8
Hubbard	17,177	0.4	Steele	32,965	0.7
Isanti	30,826	0.6	Stevens	10,535	0.2
Itasca	43,986	0.9	Swift	11,338	0.2
Jackson	11,636	0.2	Todd	24,191	0.5
Kanabec	14,432	0.3	Traverse	4,212	0.1
Kandiyohi	41,942	0.9	Wabasha	21,118	0.4
Kittson	5,376	0.1	Wadena	13,398	0.3
Koochiching	15,679	0.3	Waseca	19,403	0.4
Lac Qui Parle	8,413	0.2	Washington	198,606	4.1
Lake	10,745	0.2	Watsonwan	11,643	0.2
Lake of the Woods	4,618	0.1	Wilkin	7,319	0.2
Le Sueur	25,482	0.5	Winona	49,576	1.0
Lincoln	6,585	0.1	Wright	87,779	1.8
Lyon	25,505	0.5	Yellow Medicine	11,493	0.2
McLeod	35,364	0.7			
Mahnomen	5,166	0.1			
Marshall	10,383	0.2			
			METRO	2,578,272	53.3%
			NONMETRO	2,260,126	46.7%
			STATE TOTAL	4,838,398	100.0%

Minnesota Counties and Economic Development Regions



Minnesota Counties by Economic Development Regions			
Region Number and Name	County	Region Number and Name	County
1-Northwest	Kittson Marshall Norman Pennington Polk Red Lake Roseau	7E-East Central	Chisago Isanti Kanabec Mille Lacs Pine
2-Headwaters	Beltrami Clearwater Hubbard Lake of the Woods Mahnomen	7W-Central Minnesota	Benton Sherburne Stearns Wright
3-Arrowhead	Aitkin Carlton Cook Itasca Koochiching Lake St. Louis	8-Southwest	Cottonwood Jackson Lincoln Lyon Murray Nobles Pipestone Redwood Rock
4-West Central	Becker Clay Douglas Grant Otter Tail Pope Stevens Traverse Wilkin	9-Nine	Blue Earth Brown Faribault LeSeuer Martin Nicollet Sibley Waseca Watonwan
5-Five	Cass Crow Wing Morrison Todd Wadena	10-Southeastern MN	Dodge Fillmore Freeborn Goodhue Houston Mower Olmsted Rice Steele Wabasha Winona
6E-Six East	Kandiyohi McLeod Meeker Renville		
6W-Upper MN Valley	Big Stone Chippewa Lac qui Parle Swift Yellow Medicine	11-Metro	Anoka Carver Dakota Hennepin Ramsey Scott Washington

Major State Aids

Education Aid

Program Description

Education aid is the total amount of state aid paid to school districts for all K-12 educational purposes. This amount includes state aid for general education, special education, transportation, community education, capital expenditure, secondary vocational, and other miscellaneous programs. About 68 percent of the total aid is “general education aid,” which is distributed through an equalization aid formula to school districts on an entitlement basis using each school district’s pupil count and relative property wealth as its primary focus.¹

Aid Amount and Reporting

1998/1999 Education Aid: \$3.5 billion

The total education aid for the 1998/1999 school year is \$3,494,209,986. The amounts received by school districts for property tax credits (i.e., taconite homestead credit, disparity reduction credit, etc.) are not included in this amount since they are itemized elsewhere in the report.

All education aids are reported by home county, that is, the county where the school district’s administrative headquarters is located. If a school district is located in more than one county, the total aid for that school district is included in the home county’s aid amount. Data by school district by county portion is not available. Education aid by home county by school district, obtained from the Department of Children, Families and Learning, is listed in Appendix A.

The education aid total does not include \$29,158,560 that went to the 38 charter schools operating in 1998/1999, and also does not include lesser amounts spent on metropolitan intermediate school districts and nonmetropolitan educational cooperative districts.²

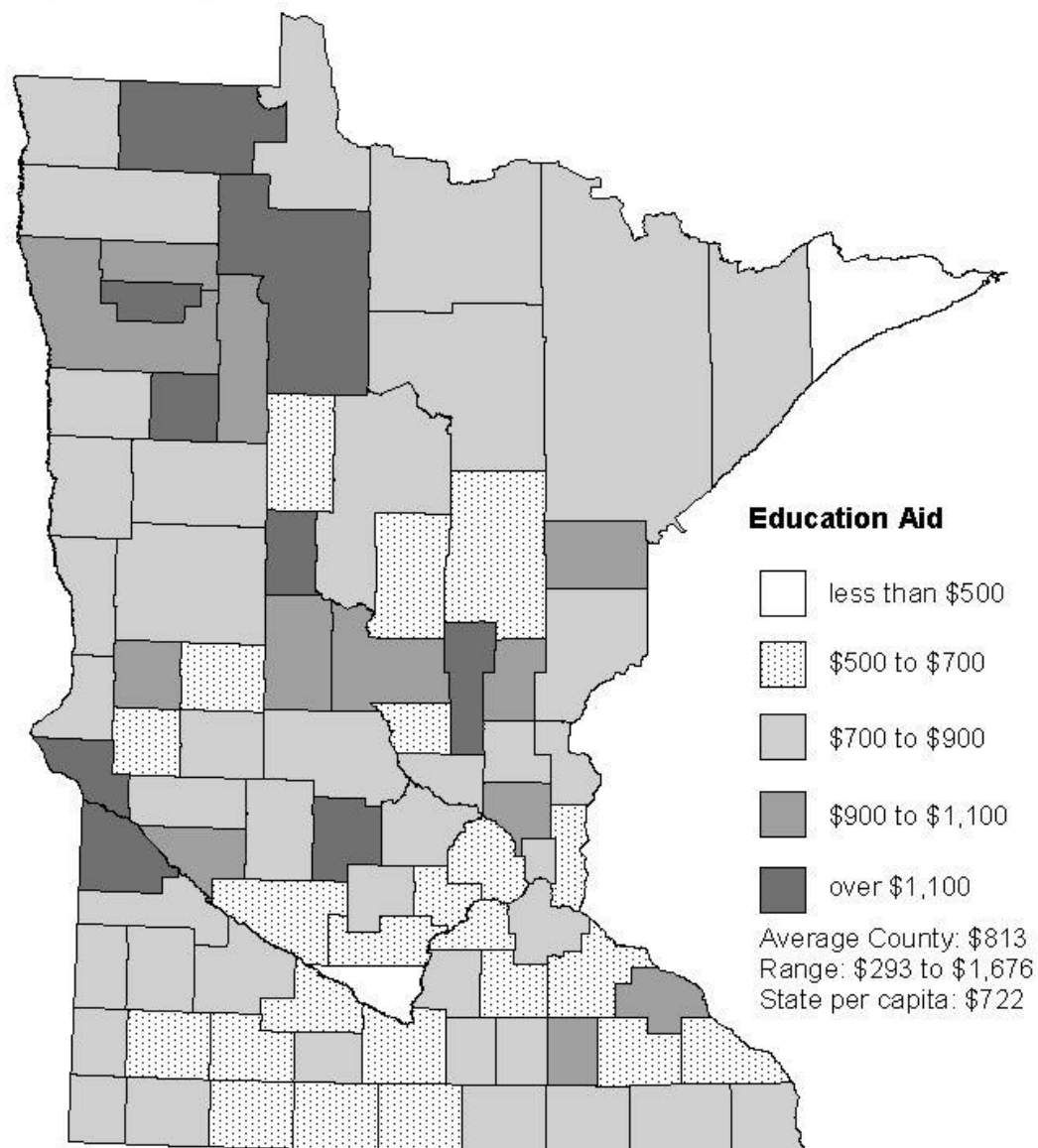
¹ In 1998/1999, the legislature increased special education aid to schools and with a corresponding decrease in school HACA. This change results in a decrease in the percentage of total aid considered “general education aid.”

² In 1998/1999, metropolitan intermediate school district #916 received \$4,222 in education aid, and nonmetropolitan educational cooperative districts received \$743,033 in aid. Before 1994/1995, larger amounts of educational aid were paid directly to intermediate districts and educational cooperative districts. Since that time, additional aid has been paid directly to school districts which, in turn, distribute the aid to intermediate and cooperative districts. This change in aid distribution has resulted in a substantial decrease in aid paid directly to intermediate and cooperative districts.

Recent Law Changes

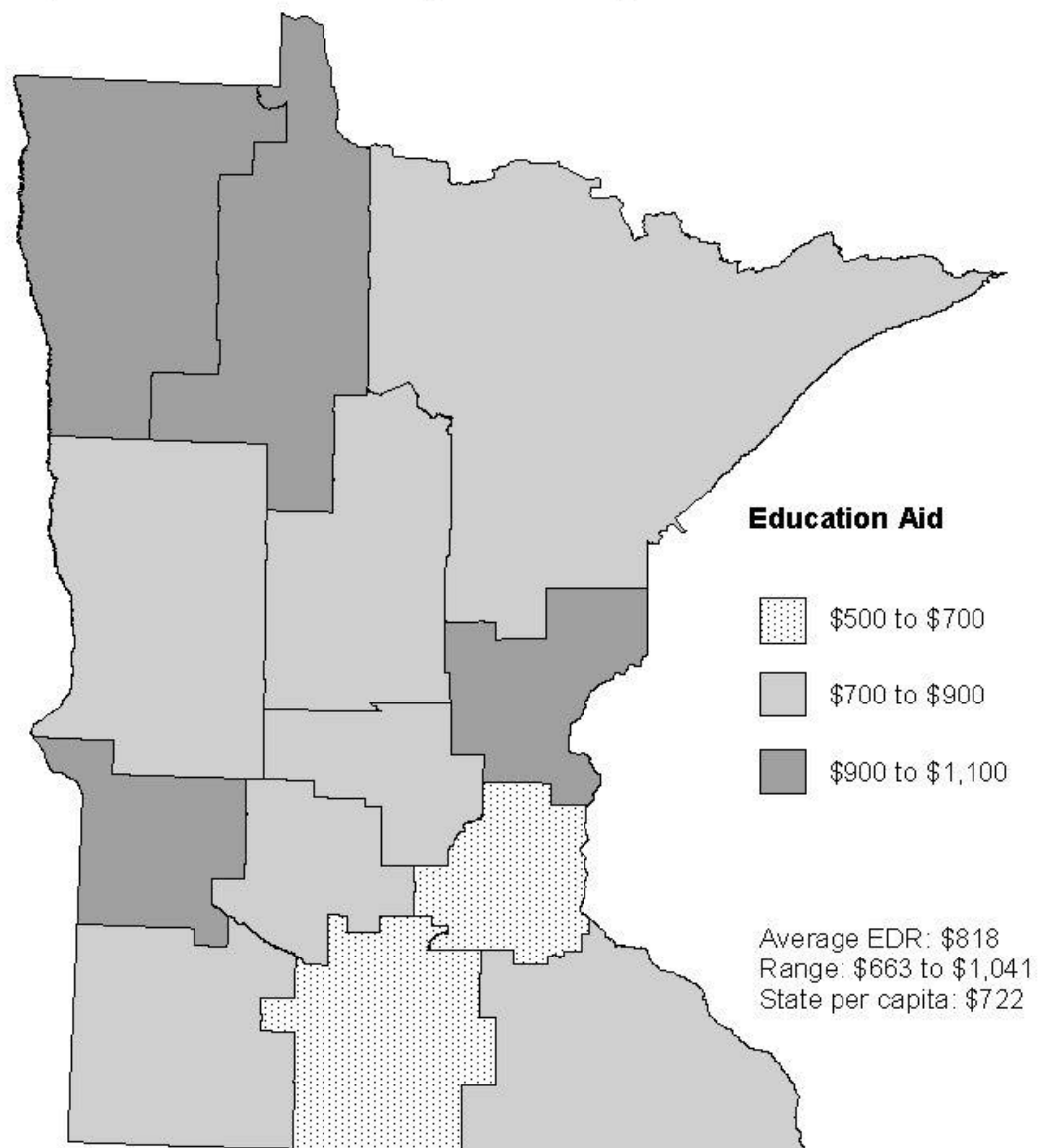
The 1995 Legislature substantially increased the percentage of K-12 education costs that are funded through state education aid, as opposed to local property tax levies. This accounts for the increase in education aid from \$2.8 billion in 1994/1995 to \$3.5 billion in 1995/1996.

Education Aid per capita, 1998-99 by County*



* The proportion of the population in school varies from county to county. Although it may be more appropriate to display the information on a per pupil basis, the data is not readily available at that level.

Education Aid per capita, 1998-99 by Economic Development Region



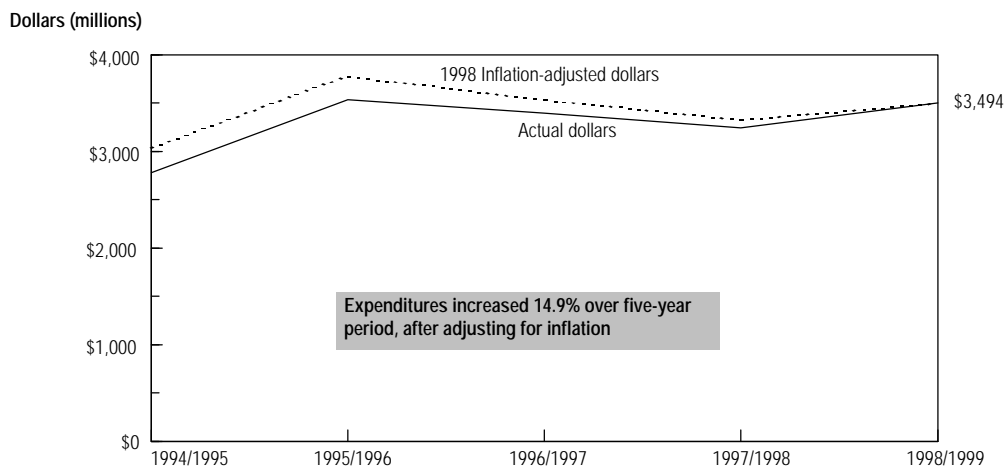
The Past Five Years of Education Aid

The table below shows the distribution of education aid in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of education aid for that same time period in current (actual) and constant (inflation-adjusted) dollars.

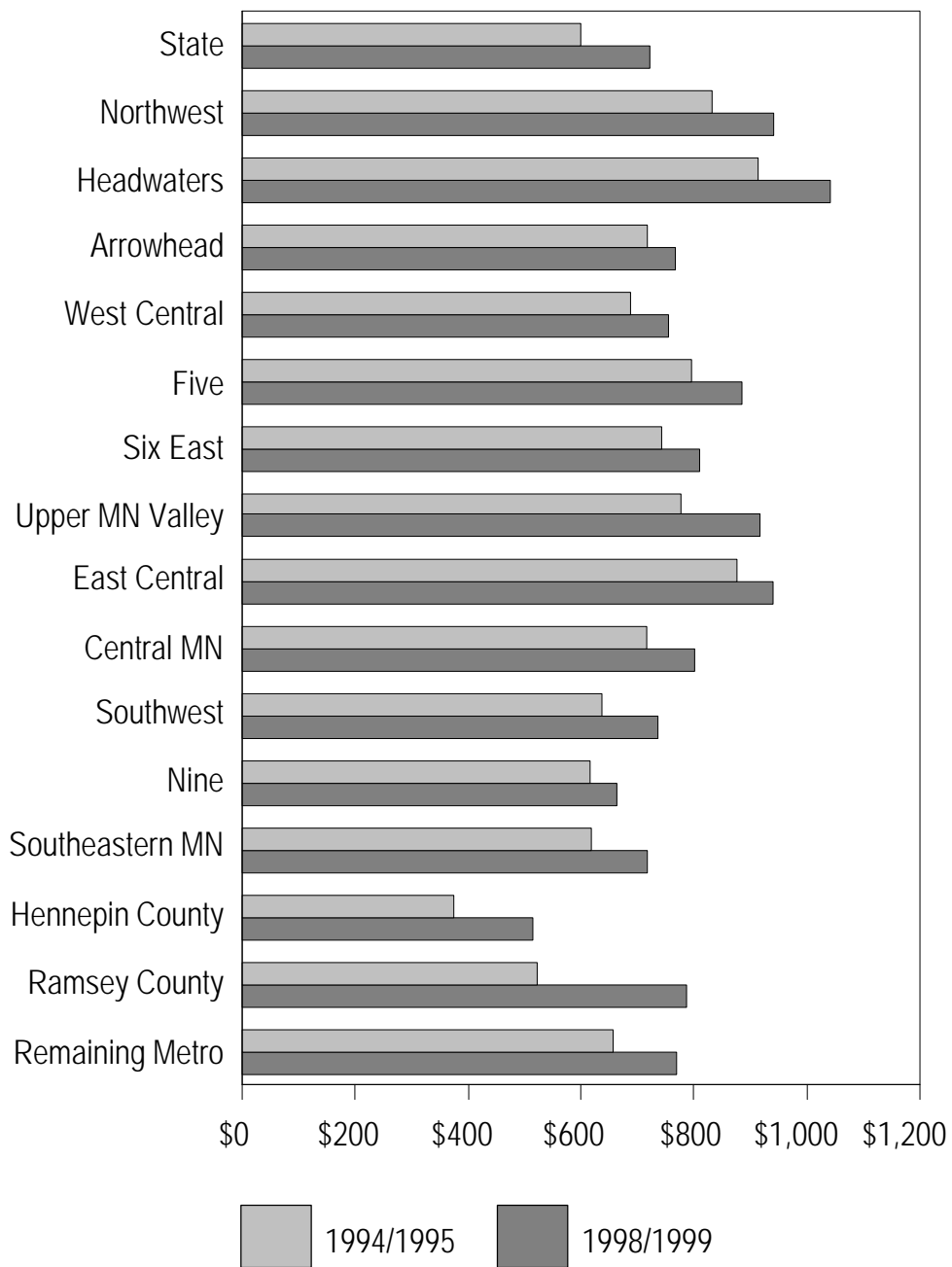
Education Aid: 1994/1995 School Year to 1998/1999 School Year

Current dollars, in thousands						
State	1994/1995	1995/1996	1996/1997	1997/1998	1998/1999	5-Yr. Chg. Aid
	\$2,780,990	\$3,535,738	\$3,393,562	\$3,247,621	\$3,494,210	26%
Northern Regions						
Northwest (1)	75,589	87,046	83,431	81,826	84,536	12
Headwaters (2)	64,496	74,555	73,059	73,440	77,012	19
Arrowhead (3)	226,329	255,175	244,182	236,874	245,349	8
West Central (4)	140,741	163,943	157,255	155,254	157,943	12
Five (5)	111,306	130,347	128,058	126,886	130,623	17
East Central (7E)	105,912	120,165	106,870	119,799	124,969	18
Southern Regions						
Six East (6E)	84,483	97,765	98,048	91,146	94,419	12
Upper MN Valley (6W)	39,234	45,618	43,886	43,397	46,019	17
Central MN (7W)	206,404	253,122	247,758	244,018	256,373	24
Southwest (8)	78,922	95,907	90,422	87,211	90,752	15
Nine (9)	135,785	161,990	152,425	144,727	149,186	10
Southeastern MN (10)	269,875	325,457	330,758	307,092	323,810	20
Total Nonmetro	\$1,539,079	\$1,811,001	\$1,756,151	\$1,711,670	\$1,780,990	16%
Metro Region						
Hennepin County	398,570	612,249	544,943	485,925	559,439	40
Ramsey County	258,248	367,494	357,442	350,030	391,636	52
Remaining Metro	585,094	744,994	735,026	699,996	762,145	30
Total Metro	\$1,241,911	\$1,724,737	\$1,637,411	\$1,535,951	\$1,713,220	38%

Statewide Education Aid



Per Capita Education Aid 1994/1995 and 1998/1999



Human Services Aid

Program Description

Human services aid is the total amount of state aid for human services programs, including all income maintenance and social service programs. Although the federal government and the counties contribute money to programs in varying degrees, the amounts in this report reflect only the **state's share** of the human service costs.

Aid Amount and Reporting

Calendar Year 1998 Human Services Aid: \$2.1 billion

The state's share of the human services expenditures for calendar year 1998 is \$2,106,883,822. The statewide amounts by program are listed below.

Type of Program	Amount	Percent
Medical Assistance	\$1,202,653,030	57.1%
Minnesota Family Investment Program (MFIP)	88,293,675	4.2
General Assistance (GA)	48,447,530	2.3
General Assistance Medical Care (GAMC)	133,551,465	6.3
Social Services (including CSSA)	560,940,392	26.6
Miscellaneous:		
Minnesota Supplemental Assistance	68,322,886	3.2
Food Stamp Delivery	1,314,512	0.1
Title IV Child Support	3,360,332	0.2
Total	\$2,106,883,822	100.0%

House Research Department

Minnesota counties collect mortgage registration and deed tax. They retain 3 percent of the tax and the remaining 97 percent is an offset against the state's share of human service programs. In prior year reports those amounts were shown in a separate table in the appendix. However, beginning with data for 1992 and subsequent years, the amounts are directly incorporated into the state aid amounts provided by the Department of Human Services and therefore, are included in the tables of this report.

The human services amounts are not available by county in two cases:

- Region VIII N—Lincoln, Lyon, and Murray
- Human Service Board—Faribault and Martin³

In these two groups, human services aid is administered through a “home” county: Lyon in Region VIII N and Faribault in the Human Service Board. The total human service amount for Region VIII N is \$18.0 million and for the Human Service Board, \$18.9 million. On the county tables, all of Region VIII N’s amount is listed in Lyon County and all the Human Service Board’s amount is listed in Faribault County. A per capita estimate for these five counties appears in a footnote on the respective county tables.

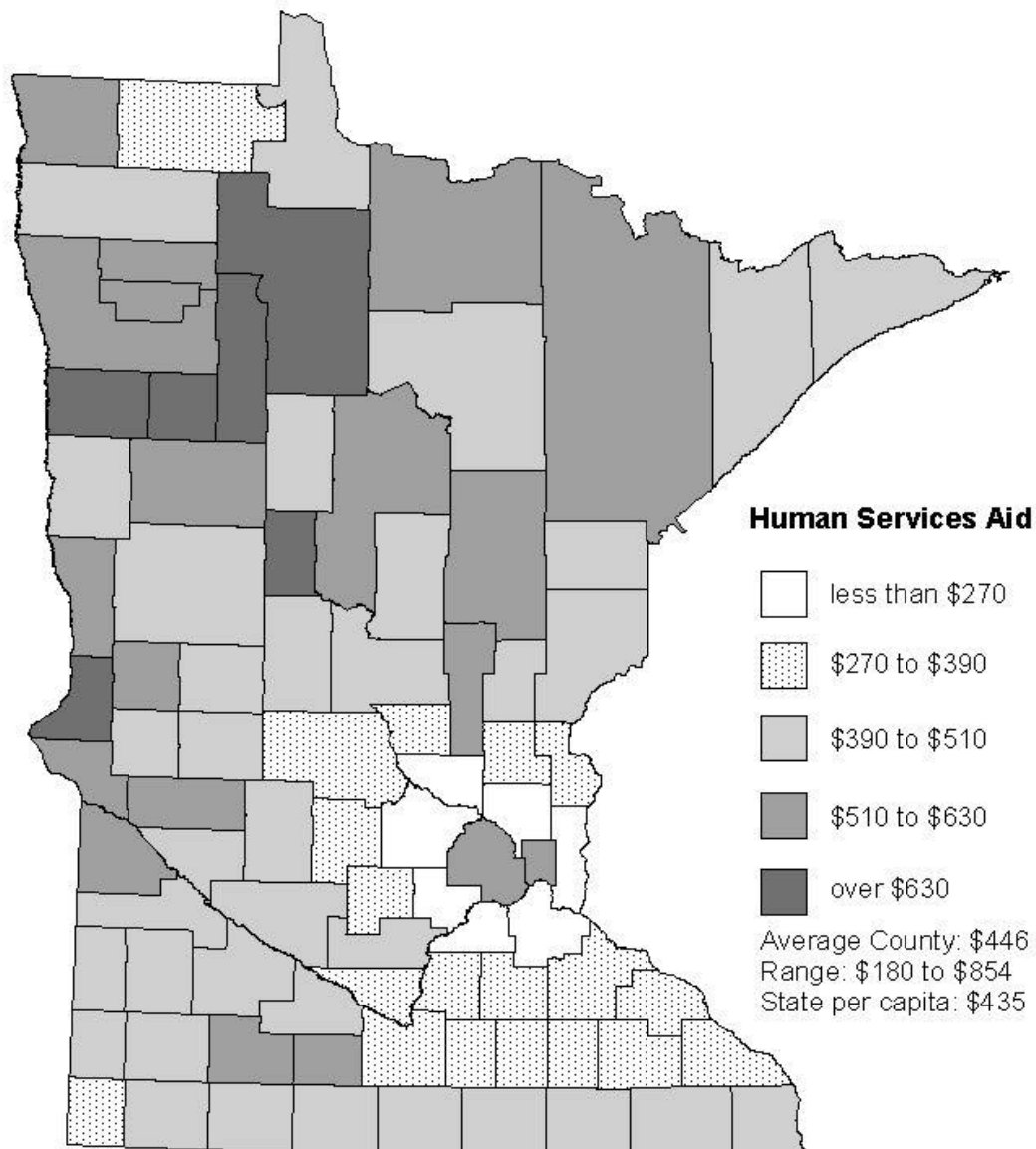
Human services aid data was obtained from the Department of Human Services, Financial Management Division.

Recent Law Changes

In 1997 the legislature replaced the Aid to Families with Dependent Children (AFDC) program with the Minnesota Family Investment Program (MFIP) as part of welfare reform. The MFIP program first took effect in calendar year 1998; it replaced AFDC in this edition of this report.

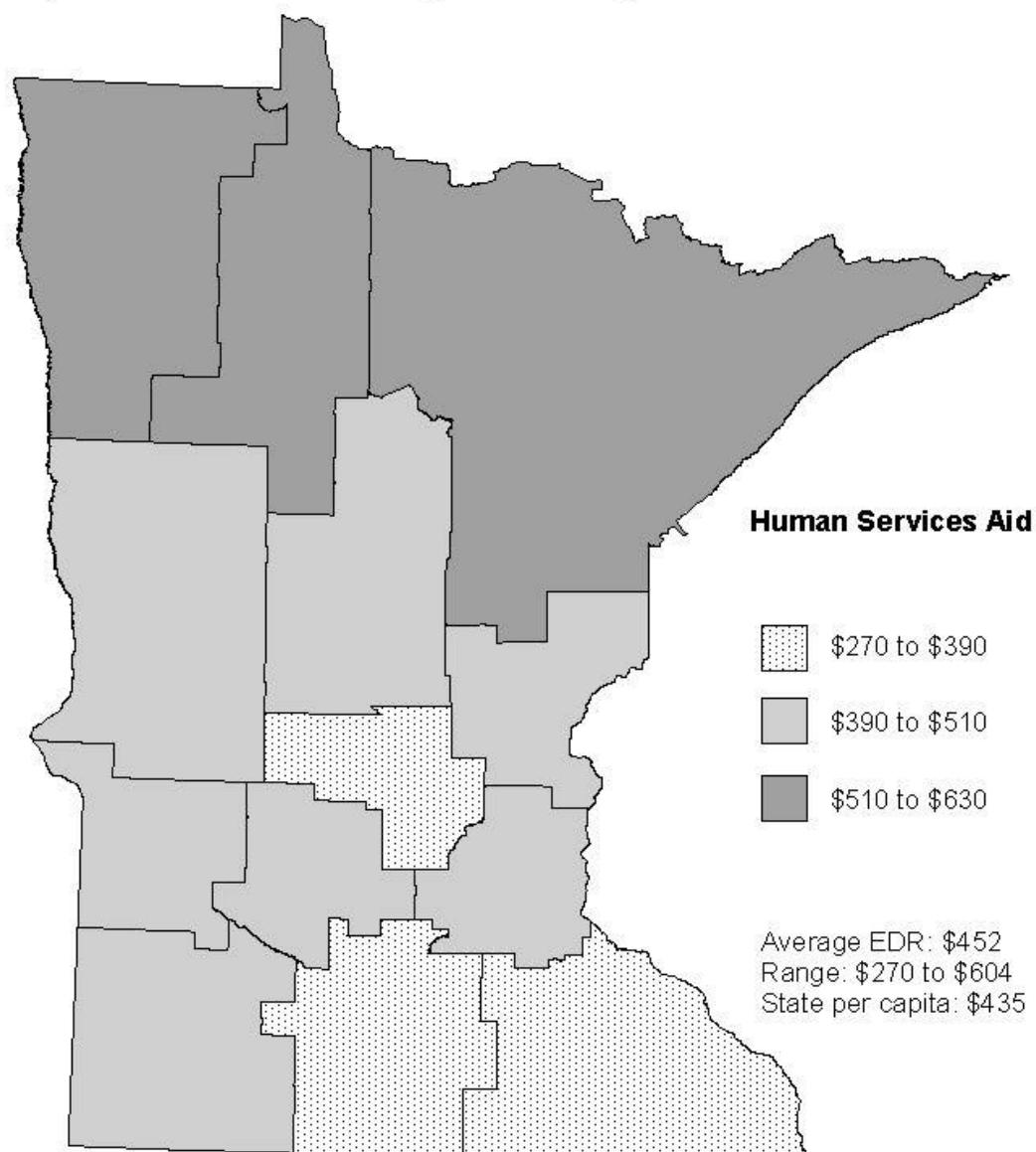
³ Prior to 1991, Watonwan was included in the Human Service Board. In 1991, Watonwan County left the joint county board and became responsible for its own human service program.

Human Services Aid per capita, 1998 by County*



* The proportion of the population receiving human services aid varies from county to county.
Although it may be more appropriate to display this information on a per case basis,
aggregating cases across program types presents methodological difficulties.

Human Services Aid per capita, 1998 by Economic Development Region



The Past Five Years of Human Services Aid

The table below shows the distribution of human services aid in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of human services aid for that same time period in current (actual) and constant (inflation-adjusted) dollars.

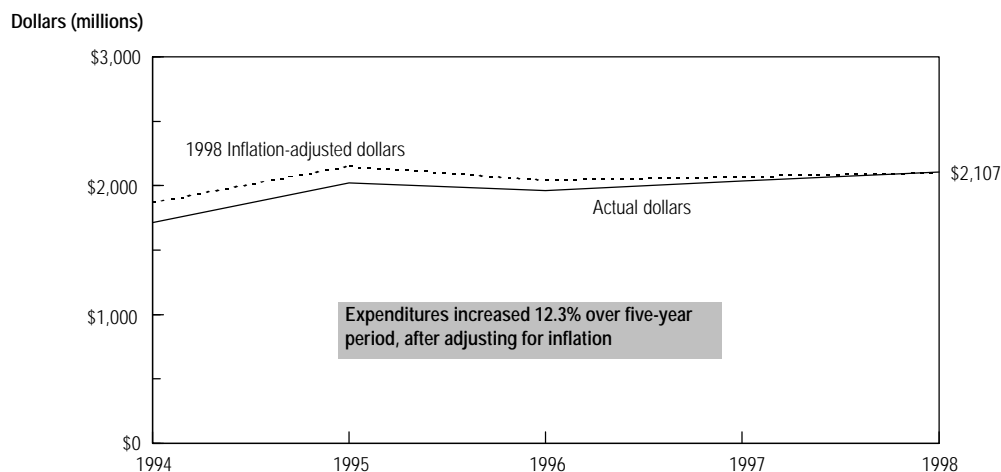
Human Services Aid: 1994 to 1998

Current dollars, in thousands

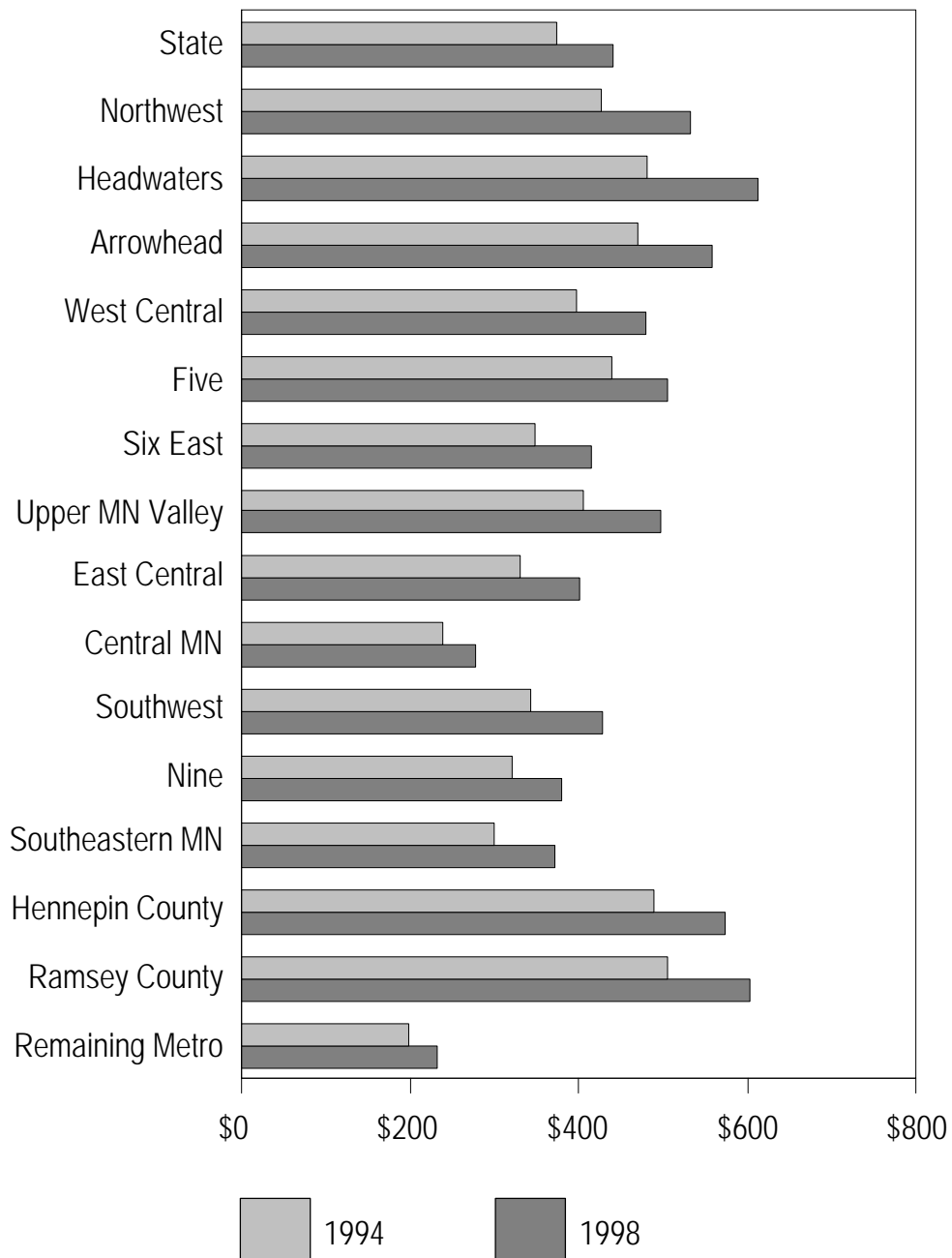
State	1994	1995	1996*	1997*	1998	5-Yr. Chg. Aid
	\$1,708,149	\$2,021,528	\$1,960,403	\$2,041,096	\$2,106,884	23%
Northern Regions						
Northwest (1)	38,666	46,125	45,066	45,963	47,758	24
Headwaters (2)	33,535	42,965	40,446	43,137	44,720	33
Arrowhead (3)	148,098	173,027	171,941	179,168	178,796	21
West Central (4)	80,217	97,822	92,318	95,553	99,879	25
Five (5)	60,467	74,408	72,025	72,664	73,682	22
East Central (7E)	38,967	48,189	49,554	49,155	52,086	34
Southern Regions						
Six East (6E)	39,191	46,272	45,230	45,669	48,173	23
Upper MN Valley (6W)	20,399	24,982	23,768	24,535	25,291	24
Central MN (7W)	67,391	82,224	81,534	85,728	86,382	28
Southwest (8)	42,442	51,035	49,736	50,760	53,302	26
Nine (9)	70,264	82,923	80,346	83,922	84,944	21
Southeastern MN (10)	130,859	158,951	156,836	161,151	166,289	27
Total Nonmetro	\$770,495	\$928,925	\$908,801	\$937,405	\$961,300	25%
Metro Region						
Hennepin County	516,906	618,377	573,623	594,502	620,645	20
Ramsey County	249,399	262,243	273,844	297,719	301,035	21
Remaining Metro	171,349	211,983	204,135	211,471	223,903	31
Total Metro	\$937,654	\$1,092,603	\$1,051,602	\$1,103,691	\$1,145,583	22%

* The 1997 total amount includes \$13.7 million that was paid in 1997 which relates to calendar year 1996 (i.e., late payment amount).

Statewide Human Services Aid



Per Capita Human Services Aid 1994 and 1998



Highway Aid

Program Description

Highway aid is the total amount of state aid distributed to counties, cities with more than 5,000 persons, and towns for highway purposes. It includes three basic types of aid: (1) amounts distributed according to constitutional formula to all counties and to cities with population over 5,000; (2) amounts distributed to counties, cities, and towns from state bridge bond proceeds; and (3) amounts distributed to towns for town roads and bridges. The sources of these funds are the Highway User Tax Distribution Fund, a portion of motor vehicle sales tax revenues, and proceeds from state bridge bonds.

Aid Amount and Reporting

1999 Highway Aid: \$453.3 million

The total state highway aid paid in calendar year 1999 to the counties, cities (i.e., municipal), and towns is shown below by category.

<u>Type of Highway Aid</u>		<u>Amount</u>		<u>Total</u>
County Aid	County State Aid	\$310,854,283		
	County Bridge Funding	<u>15,303,235</u>		
			County	\$326,157,518
Municipal Aid	Municipal State Aid	\$97,457,150		
	Municipal Bridge Funding	<u>2,084,813</u>		
			Municipal	\$99,541,963
Township Aid	Town Road Account	\$16,705,819		
	Town Bridge Account	8,792,536		
	Town Bridge Funding	<u>2,147,350</u>		
			Township	<u>\$27,645,705</u>
Total Highway Aid				\$453,345,186

The county and municipal turnback account money (excluding the money in the town road and town bridge accounts shown above) is **not** included in the above totals. In 1999, there was approximately \$9.7 million in the county turnback account and \$4.4 million in the municipal turnback account (including the current year allotments). This money is used on former state highways which have been “turned back” to the counties and municipalities. Disbursements of \$13.5 million were made to the counties and \$0.9 million to municipalities. This \$14.4 million

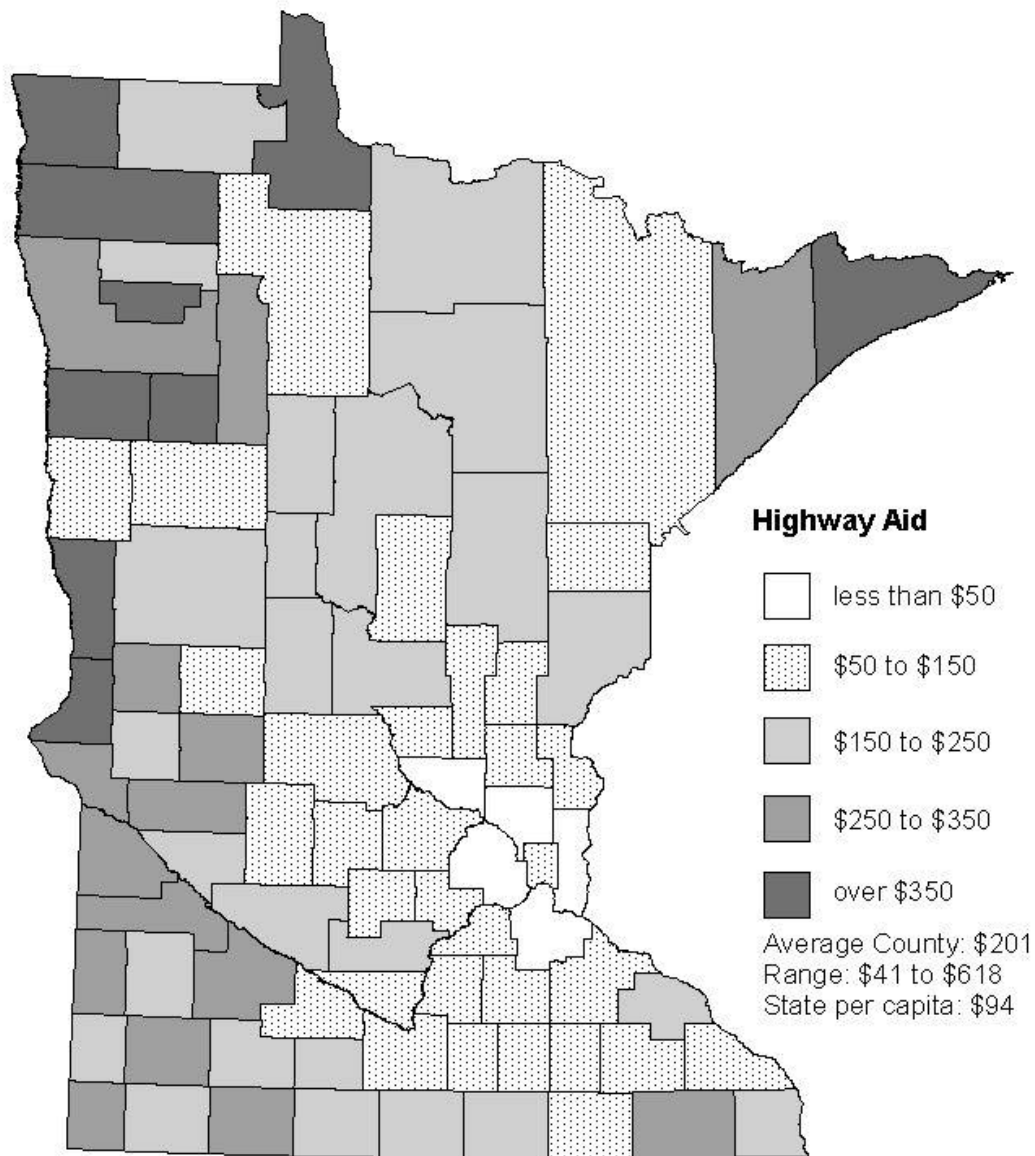
exceeded the amount available; money was borrowed from construction accounts, which must be repaid in future years. The amount spent in each county is not readily available.

The two previous editions of this report combined county, municipal, and town bridge funding from one year with county and municipal state aid and town road and bridge account from the successive year (i.e., last year's report showed 1997 bridge funding, with the balance of highway funding relating to calendar year 1998). This mismatching of years occurred as data for some funds became available more quickly and the discrepancy between the years was not realized. The table below shows the correct aid amounts for calendar years 1996 to 1998 by category. The historical table later in this section has been revised to reflect these corrections.

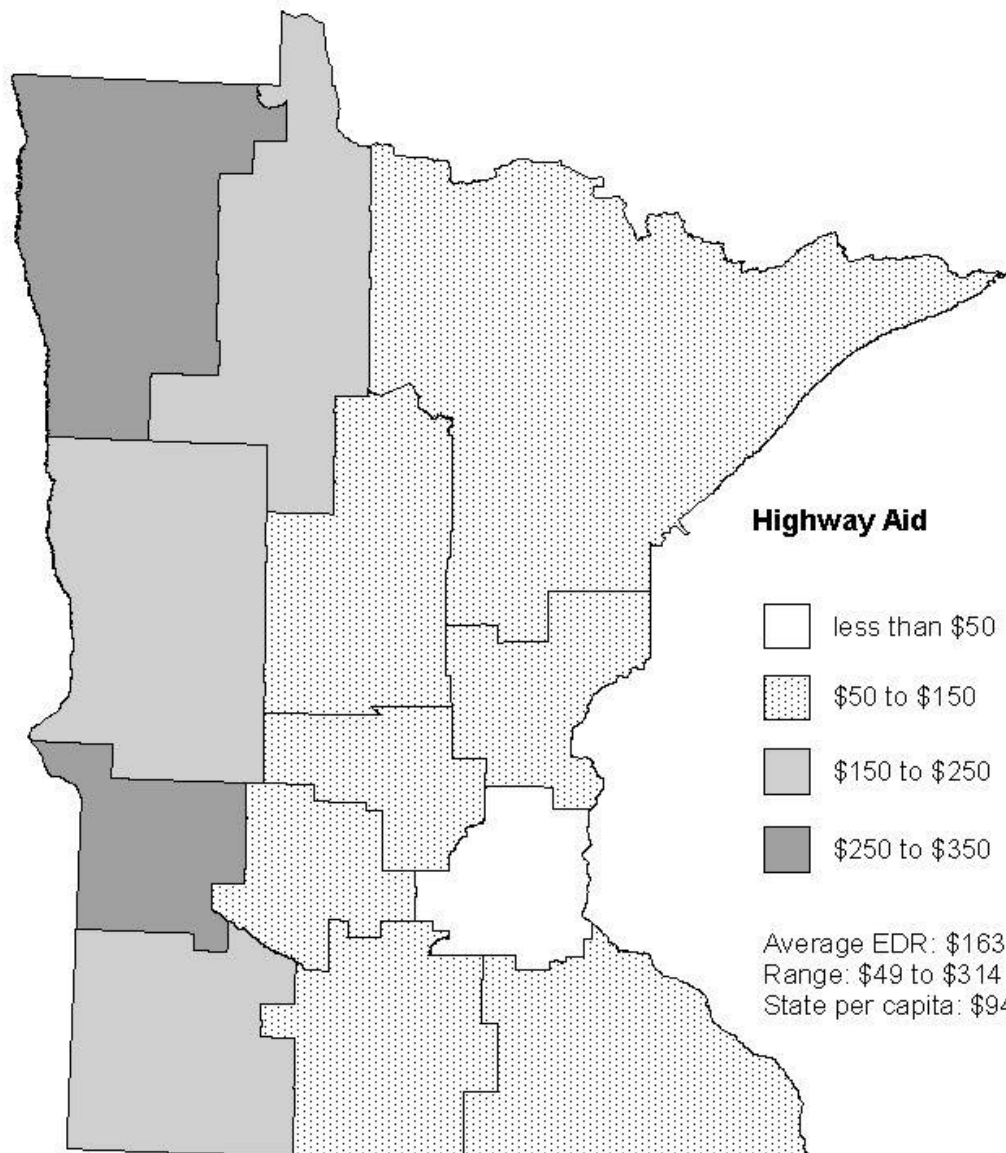
Type of Aid	1996	1997	1998
County State Aid	\$278,383,076	\$280,824,171	\$293,510,766
County Bridge Funding	4,587,556	2,660,305	9,667,429
Total County Aid	\$282,970,632	\$283,484,476	\$303,178,195
Municipal State Aid	\$90,740,650	\$90,608,066	\$93,828,258
Municipal Bridge Funding	3,596,792	281,782	522,973
Total Municipal Aid	\$94,337,442	\$90,889,848	\$94,351,231
Town Road Account	\$14,747,042	\$14,926,487	\$16,025,729
Town Bridge Account	7,761,601	7,908,677	8,434,595
Town Bridge Funding	2,395,055	1,166,223	1,901,574
Total Township Aid	\$24,903,698	\$24,001,387	\$26,361,898
Total Highway Aid	\$402,211,772	\$398,375,711	\$423,891,324

Highway aid data was obtained from the Department of Transportation.

Highway Aid per capita, 1999 by County



Highway Aid per capita, 1999 by Economic Development Region



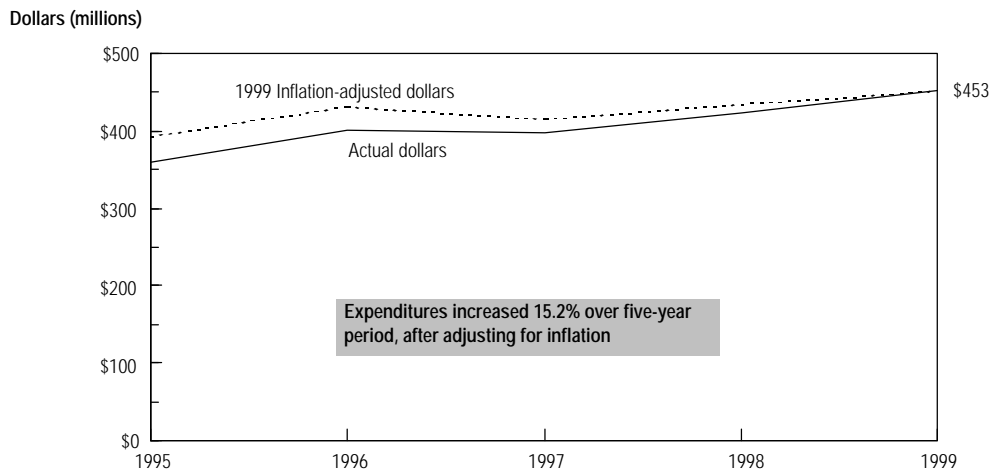
The Past Five Years of Highway Aid

The table below shows the distribution of highway aid in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of highway aid for that same time period in current (actual) and constant (inflation-adjusted) dollars.

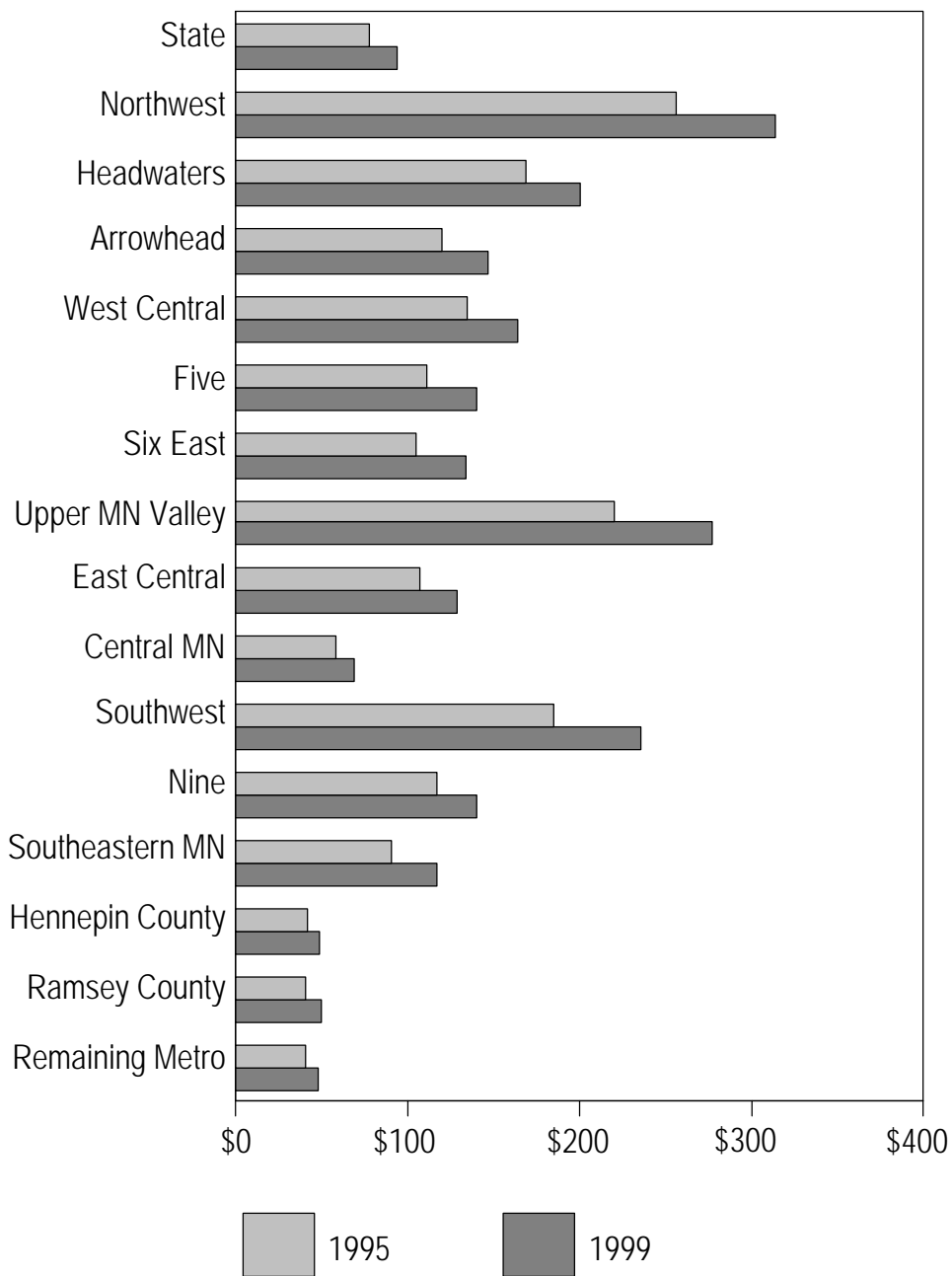
Highway Aid: 1995 to 1999

State	Current dollars, in thousands					5-Yr. Chg. Aid
	1995	1996	1997	1998	1999	
State	\$359,597	\$402,212	\$398,376	\$423,891	\$453,345	26%
Northern Regions						
Northwest (1)	23,335	25,035	24,659	26,715	28,155	21
Headwaters (2)	11,968	13,094	13,179	13,895	14,870	24
Arrowhead (3)	38,030	41,885	41,491	43,257	46,929	23
West Central (4)	27,600	30,047	30,363	32,424	34,234	24
Five (5)	15,529	16,643	16,517	18,097	20,718	33
East Central (7E)	12,940	15,286	14,922	15,743	17,178	33
Southern Regions						
Six East (6E)	12,017	13,772	14,004	14,817	15,642	30
Upper MN Valley (6W)	11,135	12,723	12,278	13,246	13,895	25
Central MN (7W)	16,629	18,671	18,944	20,526	22,187	33
Southwest (8)	22,928	25,434	25,483	27,587	29,076	27
Nine (9)	25,769	28,372	28,117	30,981	31,534	22
Southeastern MN (10)	39,616	44,615	44,784	47,386	53,004	34
Total Nonmetro	\$257,496	\$285,576	\$284,740	\$304,672	\$327,422	27%
Metro Region						
Hennepin County	44,843	48,655	48,061	50,372	53,265	19
Ramsey County	20,388	25,428	23,302	24,078	24,838	22
Remaining Metro	36,870	42,553	42,272	44,769	47,819	30
Total Metro	\$102,101	\$116,636	\$113,636	\$119,219	\$125,923	23%

State Highway Aid



Per Capita Highway Aid 1995 and 1999



Local Government Aid (LGA)

Program Description

Local government aid (LGA) is a state program that provides property tax relief by giving general purpose financial support to local governments. It is not a categorical aid. The majority of the money distributed under the program is guaranteed (i.e., grandfathered). Increases in town LGA are proportional, based on payments in the previous year. The method for distributing city LGA increases was changed significantly by the 1993 Legislature. Beginning with aids payable in 1994 the amount of LGA a city received was the sum of the following:

- the city's **aid base** which is equal to the amount of LGA, equalization aid, and disparity reduction aid received by the city in 1992; plus
- the city's **formula aid** which is based on the relative difference between the city's need and its ability to pay.

The city's need is determined by four characteristics—city size, population decline, percent of the property in the city classified as commercial or industrial, and the age of the housing stock. Ability to pay is the city's adjusted tax capacity. In 1999 about \$322 million of the city LGA is in the aid base and about \$58 million is distributed via the formula.

Aid Amount and Reporting

1999 Local Government Aid: \$384 million

The total amount of LGA that was available to all taxing districts for distribution for calendar year 1999 was \$384,046,040:

- Cities received \$380,526,250
- Towns received \$3,519,790

Counties have received no aid under the LGA program since 1992.

This \$384 million is **after** the subtraction of \$493,800 for various state administrative expenses, and **before** the subtraction of any reductions for certain tax increment financing (TIF) districts as listed on the following page.

LGA data was obtained from the Department of Revenue.

**State Aid Reduction to Municipalities from Tax Increment Financing
1999 Aid Year**

Municipality	Municipal Aid Reductions	Municipality	Municipal Aid Reductions	Municipality	Municipal Aid Reductions
Aitkin	\$326	Fosston	\$4,705	Park Rapids	\$9,892
Albany	3,369	Fridley	2,377	Paynesville	9,880
Albert Lea	12,023	Gaylord	177	Pelican Rapids	271
Alexandria	14,339	Glencoe	12,030	Pierz	327
Apple Valley	10,139	Glenwood	4,707	Pine City	1,891
Bagley	3,035	Halstad	465	Pine Island	16,560
Biwabik	7,849	Hayfield	436	Plato	8,914
Blackduck	6,091	Hermantown	58,460	Preston	48
Blue Earth	18,220	Hibbing	20,008	Prior Lake	5,686
Brainerd	1,270	Hopkins	29,410	Ramsey	53,132
Brooklyn Park	132,096	Houston	367	Red Wing	33,198
Buffalo	59,513	Howard Lake	18,894	Redwood Falls	55,739
Byron	24,843	Hoyt Lakes	640	Renville	1,960
Cambridge	49,216	Inver Grove Heights	278,063	Richfield	853
Carver	81	Isle	3,068	Robbinsdale	229
Centerville	6,280	Jordan	83,545	Rockford	50,063
Chanhausen*	252,772	Kasson	8,188	Rogers*	30,264
Chaska	22,112	Lake City	19,848	St. Clair	1052
Chisago City	3,202	La Prairie	8,741	St. Cloud	11,253
Circle Pines	955	Lino Lakes*	155,471	St. Michael	700
Cloquet	239,805	Little Falls	5,793	Sauk Centre	5,248
Coleraine	2,530	Long Prairie	1,365	Spicer	790
Cook	1,849	Luverne	2,684	Spring Valley	2,532
Cook County**	57,380	Mankato	23,650	Starbuck	7,351
Cottage Grove	2,102	Maple Grove*	138,282	Stearns County*	3,945
Crookston	1,767	Maple Plain	57,047	Stevens County*	6,860
Dakota County*	250	Mapleton	260	Stewartville	4,709
Dayton	4,805	Marshall	6,929	Truman	3,190
Deerwood	11,623	Medina*	16,847	Two Harbors	35,686
Delano	19,850	Melrose	2,467	Vadnais Heights*	36,856
Detroit Lakes	21,831	Mille Lacs County*	411	Verndale	2,513
Dexter	675	Minneapolis	41,596	Waite Park	1,555
Dodge Center	9,297	Monticello*	41,394	Waterville	970
Duluth	176	Morrison County*	8,495	Waubun	491
East Grand Forks	664	Morton	4,970	Wells	2,255
Elk River	53,317	Nashwauk	78	White Bear Lake	113,488
Eveleth	3,110	New London	1,815	White Bear Township*	26,827
Fairmont	409	New Ulm	7,586	Willmar	22,128
Farmington	15,025	New York Mills	689	Zimmerman	320
Fergus Falls	8,119	Newport	1,122		
		Nisswa*	23,437	Total	\$2,896,970
		Oakdale	129,265		
		Ortonville	3,922		
		Osseo	15,325		

* This reduction was a full or partial HACA reduction.

** The Cook County/Grand Marais Joint Economic Development Authority established a TIF district in Lutsen Township. Through an agreement between Cook County and Grand Marais, the county receives the entire TIF municipal aid reduction; the \$56,294 was deducted from HACA since the county does not receive LGA.

Law Changes

Below is an overview of the changes to town and city LGA.

Town LGA:

Between 1988 and 1991, township LGA was cut from \$11.2 million to \$2.2 million, due to a series of state budget shortfalls. In 1992 the amount of aid each town received was set equal to the amount received in 1991 plus \$1 per capita. Since 1992, the amount of aid each town receives is equal to the amount it receives in the previous year, increased by between 2.5 percent and 5.0 percent, depending on inflation (as measured by the implicit price deflator for state and local government purchases).

City LGA:

1994 aid changes:

- ▶ ☐ Equalization aid and the city share of disparity aid were folded into city LGA.
- ▶ ☐ A new formula for allocating increases in city LGA was adopted.
- ▶ ☐ A provision allowing for automatic increases in the city and town LGA appropriations, based on inflation, was adopted.

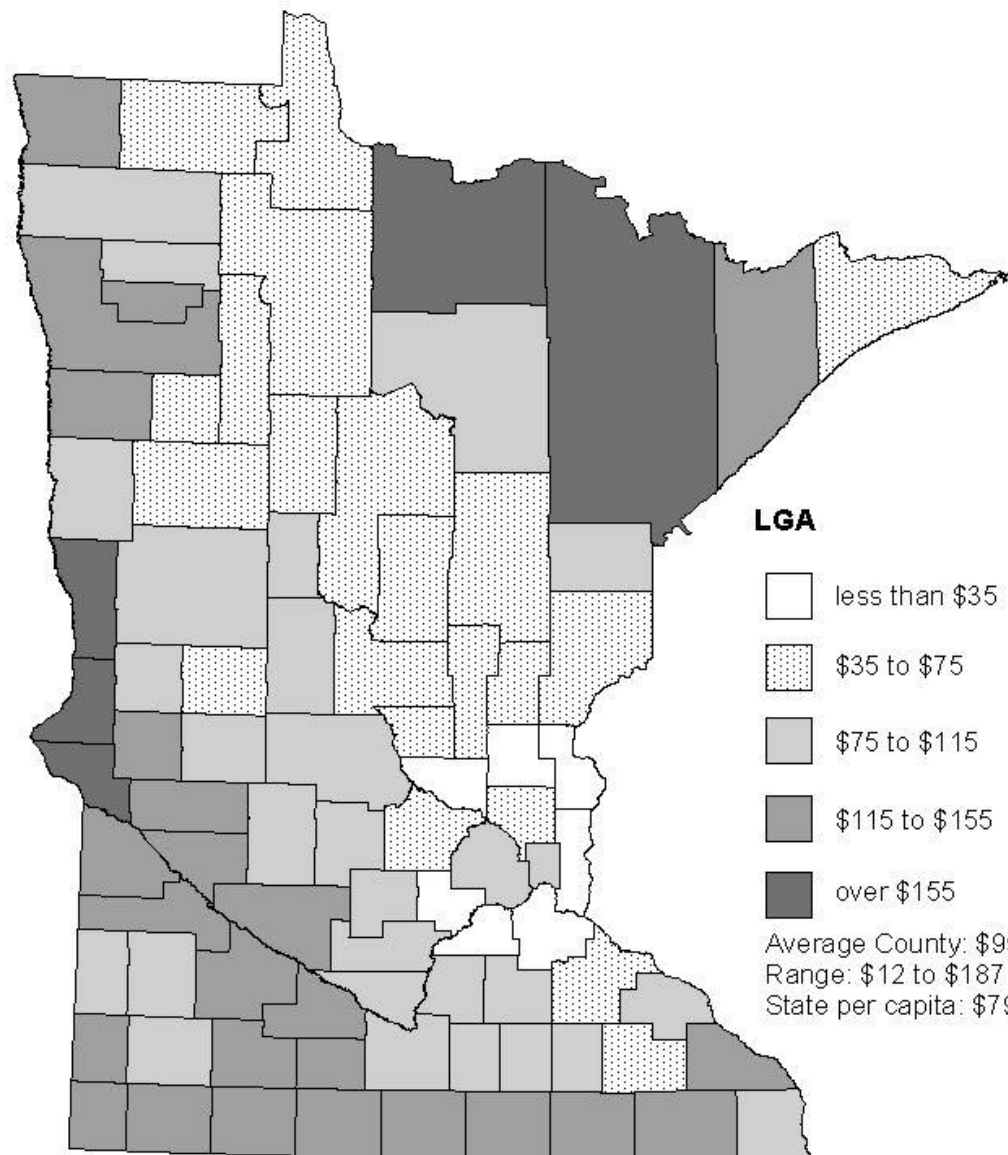
1995-1999 aid changes:

- ▶ ☐ No significant changes.

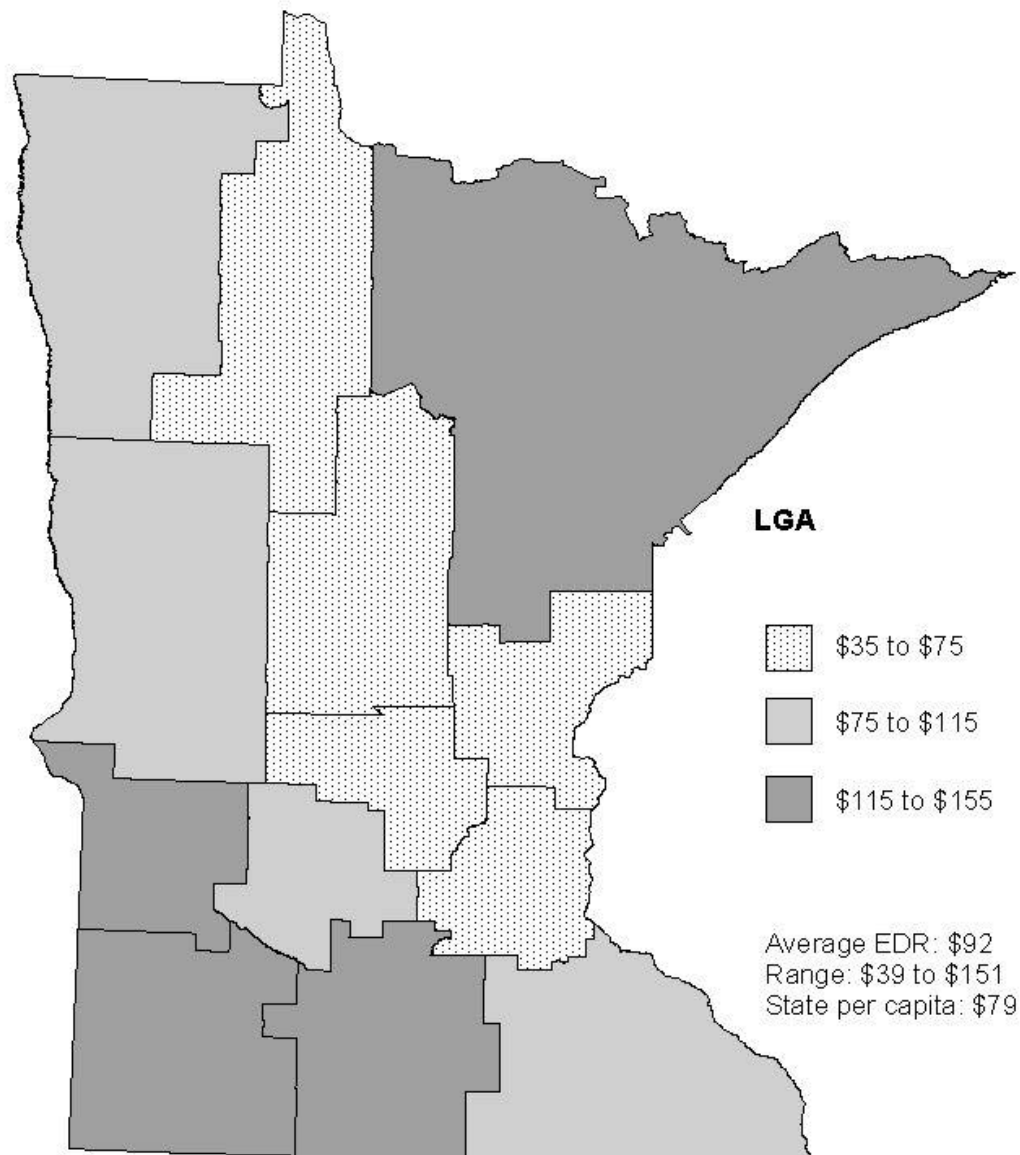
2000 aid changes:

- ▶ ☐ \$4,315,624 of local performance aid previously paid to cities is folded into city LGA.

Local Government Aid per capita, 1999 by County



Local Government Aid per capita, 1999 by Economic Development Region



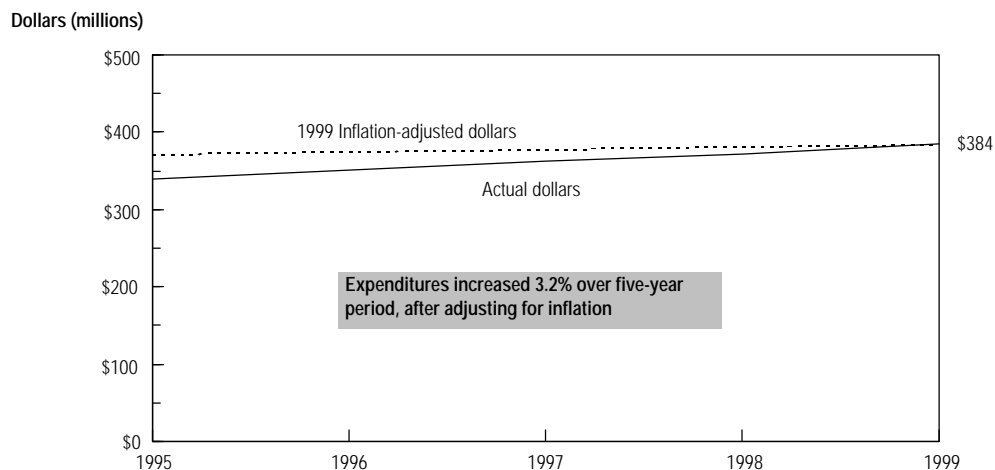
The Past Five Years of Local Government Aid

The table below shows the distribution of LGA in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of LGA for that same time period in current (actual) and constant (inflation-adjusted) dollars.

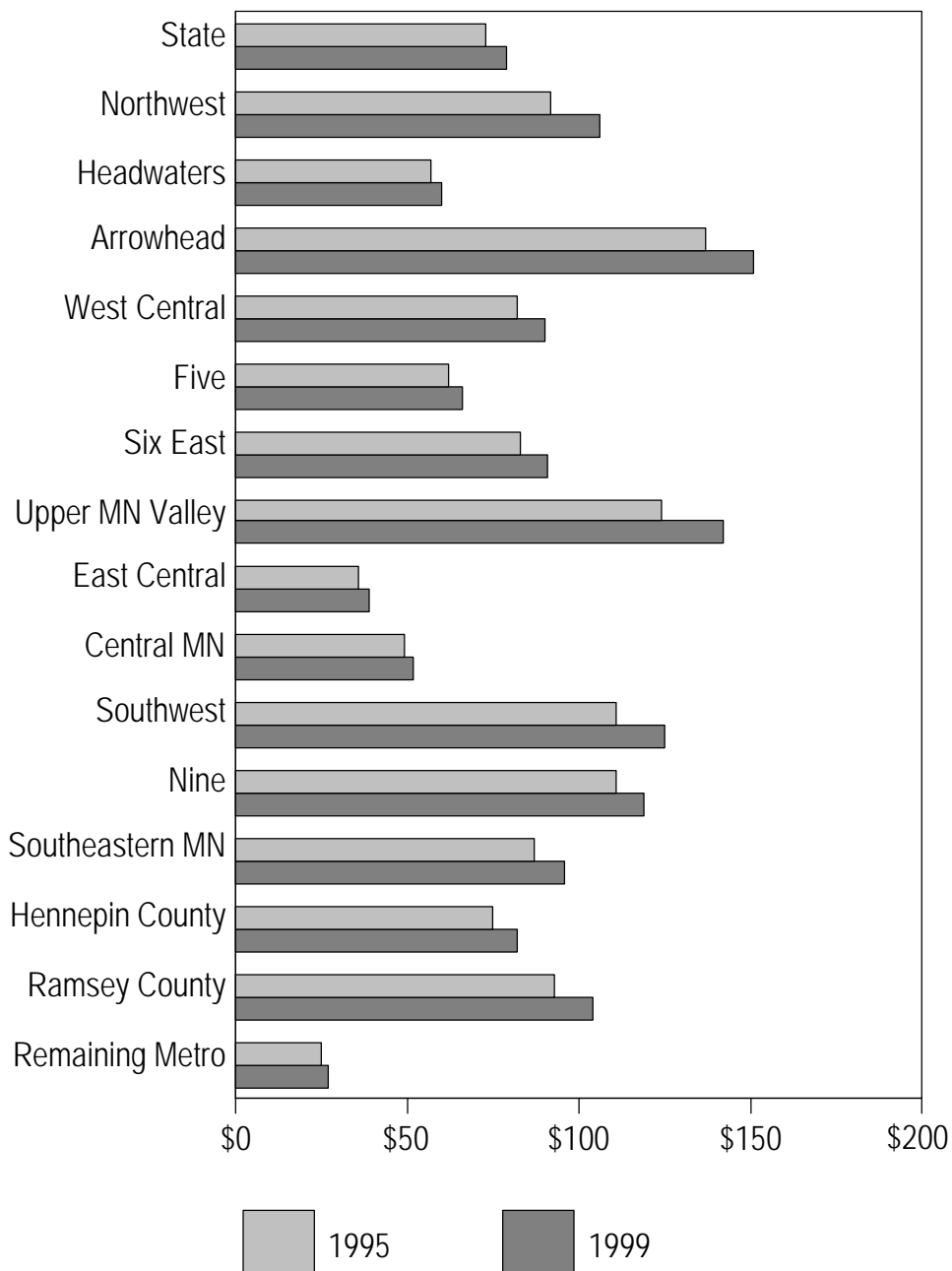
Local Government Aid: 1995 to 1999

	Current dollars, in thousands					
	1995	1996	1997	1998	1999	5-Yr. Chg. Aid
State	\$339,974	\$350,598	\$362,252	\$371,302	\$384,046	13%
Northern Regions						
Northwest (1)	8,416	8,661	8,959	9,211	9,501	13
Headwaters (2)	3,997	4,101	4,223	4,318	4,461	12
Arrowhead (3)	43,280	44,524	45,811	46,902	48,234	11
West Central (4)	16,816	17,277	17,849	18,269	18,863	12
Five (5)	8,639	8,887	9,158	9,387	9,709	12
East Central (7E)	4,376	4,553	4,760	4,950	5,190	19
Southern Regions						
Six East (6E)	9,473	9,737	10,047	10,320	10,654	12
Upper MN Valley (6W)	6,281	6,471	6,694	6,893	7,103	13
Central MN (7W)	14,214	14,715	15,550	15,929	16,588	17
Southwest (8)	13,809	14,162	14,602	14,954	15,395	11
Nine (9)	24,378	24,604	25,882	26,007	26,849	10
Southeastern MN (10)	38,186	39,345	40,722	41,709	43,191	13
Total Nonmetro	\$191,865	\$197,035	\$204,256	\$208,848	\$215,736	12%
Metro Region						
Hennepin County	79,607	82,132	84,790	86,941	89,829	13
Ramsey County	45,904	47,463	48,873	50,154	51,864	13
Remaining Metro	22,597	23,968	24,333	25,359	26,616	18
Total Metro	\$148,109	\$153,563	\$157,996	\$162,454	\$168,310	14%

Statewide Local Government Aid



Per Capita Local Government Aid 1995 and 1999



Disparity Reduction Aid (DRA)

Program Description and Aid Amount and Reporting

1999 Disparity Reduction Aid: \$23.8 million

Disparity reduction aid (DRA) is a state aid to local governments that began in 1989. The total amount of aid for 1999 is \$23,820,286. Under the basic formula, aid was given to a taxing area if the total tax rate in the area exceeded 100 percent, based upon payable 1988 levies and market values (equalized) and payable 1989 class rates. An alternative formula gave disparity reduction aid to all unique taxing areas whose city government tax capacity rate exceeded 23 percent, regardless of whether or not the total tax capacity rate exceeded 100 percent.

DRA distributes the same amount each year to each jurisdiction.⁴ Jurisdictions do not receive any more or any less in disparity aid either as a result of levy increases or reductions, valuation increases or decreases, or as the result of any other actions or occurrences.⁵ The original 1990 DRA amount of \$63 million has had two major reductions.

For 1990 and subsequent years, \$20 million was deducted from DRA. That amount was offset by corresponding increases in each jurisdiction's homestead and agricultural aid (HACA), so the net effect upon each jurisdiction was neutral.

A 1994 law change provided that each city's share of the DRA be folded into the city's local government aid. The city share of DRA was about \$14 million. The remaining amount of DRA (after the \$14 million reduction) is distributed as shown on the following page.

⁴ Jurisdictions receive minor reductions in DRA each time there is a reduction in class rates. This is done because of interactions between the HACA formula and the DRA formula.

⁵ The only exception is that if after the subtraction of disparity aid, a unique taxing district's tax extension rate is less than 90 percent, the disparity aid will be reduced by the amount necessary to increase the tax extension rate to 90 percent.

Disparity Reduction Aid: 1999

		Amount (thousands)	Percent of Total
Northern Regions	Northwest	\$700	2.9%
	Headwaters	304	1.3
	Arrowhead	13,104	55.0
	West Central	409	1.7
	Five	427	1.8
	East Central	171	0.7
Southern Regions	Six East	446	1.9
	Upper MN Valley	983	4.1
	Central MN	208	0.9
	Southwest	1,170	4.9
	Nine	1,061	4.5
	Southeastern MN	3,020	12.7
Total Nonmetro		\$22,003	92.4%
Metro Region	Hennepin County	\$906	3.8%
	Ramsey County	870	3.7
	Remaining Metro	41	0.2
Total Metro		\$1,817	7.6%
State Total		\$23,820	100.0%

Homestead and Agricultural Credit Aid (HACA)

Program Description

Homestead and agricultural credit aid (HACA) is a state aid program instituted in 1990 to take the place of the homestead credit and agricultural credit programs. It differs from the old credit programs in that aid amounts are determined by formula and paid to local governments before taxes are levied rather than as a percentage of tax levies that have already been made. With HACA, a jurisdiction's aid will not go up if it chooses to levy more tax, whereas aid amounts would increase as levies increase under the old credit programs.

HACA amounts were initially determined to be approximately the same as 1989 homestead credit plus agricultural credit. For the most part, each year each local government receives the same amount it received in the previous year. For county governments, HACA increases each year based upon the increase in the number of households served by the county. In addition, when the legislature reduces the class rate on a type of property, additional HACA is often given to each jurisdiction based upon the amount of tax base lost to the jurisdiction through the class rate reduction. Over the years, the legislature has used HACA funds to finance state takeovers of services that had been provided locally, and this has caused HACA amounts to be less in some years than in previous years.

Aid Amount and Reporting

1999 Homestead and Agricultural Credit Aid: \$484.8 million

The total amount of HACA for taxes payable in 1999 is \$484,812,486.⁶ The amounts by type of taxing district are shown below.

Taxing District	Amount	Percent
County	\$197,067,248	40.6%
City	196,110,484	40.5
Township	28,056,331	5.8
School District ⁶	35,935,880	7.4
Special Taxing Districts	27,642,543	5.7
Total	\$484,812,486	100.0%

The HACA data was obtained from the Department of Revenue.

⁶ Includes \$369 for intermediate school district #916.

Recent Law Changes

Over the years, the legislature has used the HACA program to reimburse local governments for some of the tax base lost as a result of class rate changes.

For taxes payable in 1994, class rate reductions were granted to agricultural property (both homestead and nonhomestead), commercial/industrial property, and residential nonhomestead property, all of which caused the 1994 HACA amounts to increase over the 1993 amounts. The increase in each jurisdiction was in relation to the amount of property in those property classifications located within each jurisdiction. The total amount of aid increase for payable 1994 resulting from these class rate changes was \$33.4 million. HACA payments to school districts were reduced by \$55.7 million; this money was used to provide additional equalization aid to school districts with referendum levies.

For taxes payable in 1995, there were no class rate changes, and consequently no HACA increases related to class rate changes. However, HACA payments to taxing jurisdictions in the metro area increased as a result of a fiscal disparities adjustment from a reduction in commercial/industrial class rates for payable 1994. Also, most county governments received modest HACA increases from the percentage growth in the number of households in the county.

For taxes payable in 1996, there were no significant changes, and consequently no HACA increases related to class rate changes. County governments received modest HACA increases based upon the percentage growth in the number of households in the county. County HACA was reduced by \$10 million statewide, in return for a \$10 million increase in county criminal justice aid. HACA to counties, cities, towns, and special taxing districts was reduced by \$16 million in aggregate for state budgetary reasons. Finally, school district HACA was reduced by \$26.7 million, which was used to fund a further state takeover of special education costs.

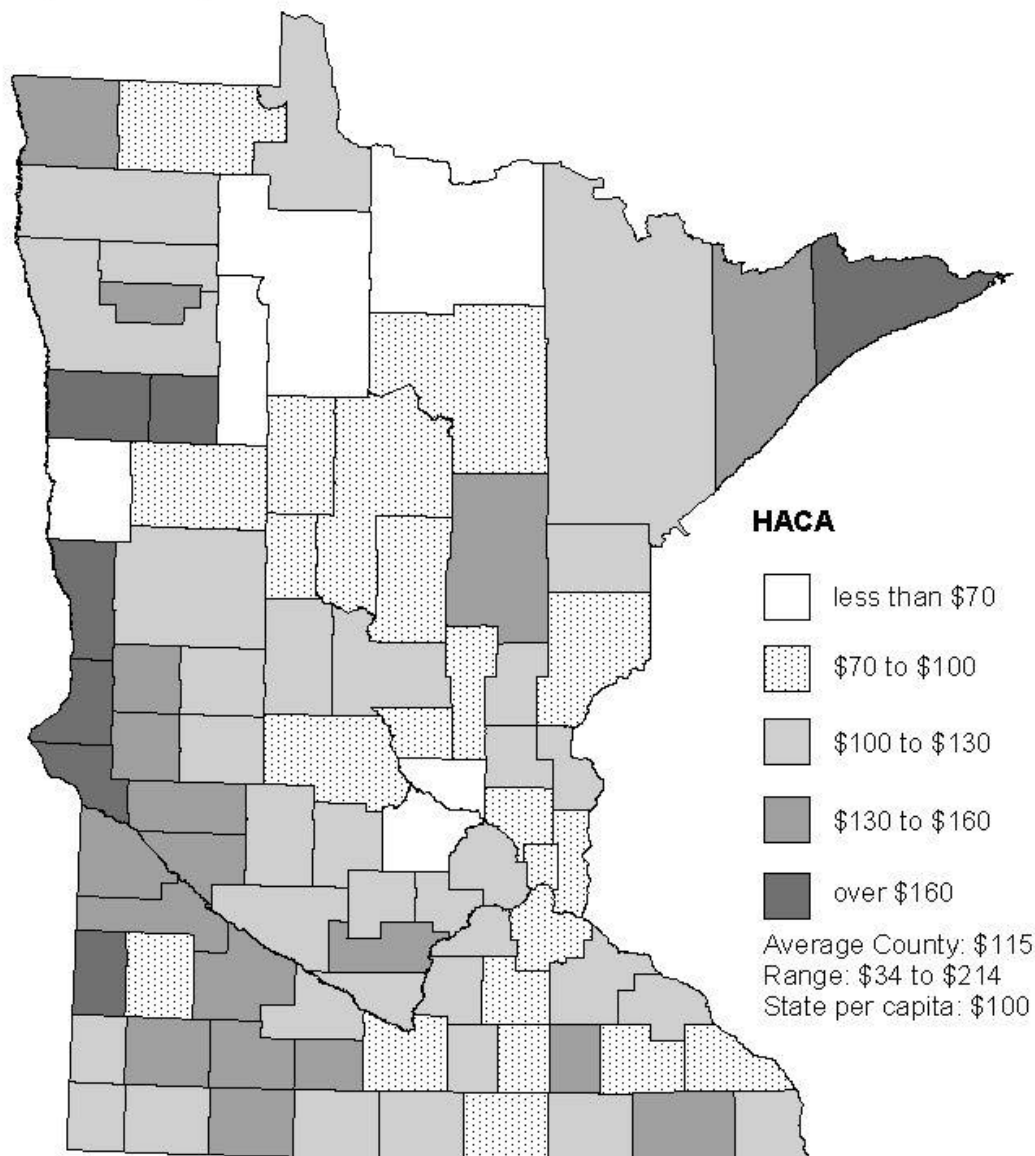
For taxes payable in 1997, the only class rate reduction was for the first tier of noncommercial seasonal recreational property, resulting in \$7.7 million in additional HACA. The temporary HACA reduction of \$16 million in 1996 was restored, and in addition, county HACA grew by \$3.0 million due to the household growth factor. City and county HACA amounts were reduced by \$1 per capita to fund a new aid program for cities and counties called Local Performance Aid. HACA was reduced by \$6.8 million to fund an increase in county criminal justice aid—the HACA reduction was taken first from the HACA allocation to each county's regional rail authority, and then from regular county HACA if there was not enough regional rail authority HACA. Finally, the program begun in 1996 which eliminates school district HACA over time and uses the savings to fund special education continued, reducing school district HACA by \$28.2 million in 1997.

For taxes payable in 1998, the class rates of virtually all classes of property were reduced through a mechanism referred to as “class rate compression.” The class rate compression mechanism did not provide for increases in HACA to ameliorate the effects of the class rate changes; instead, the education homestead credit does.

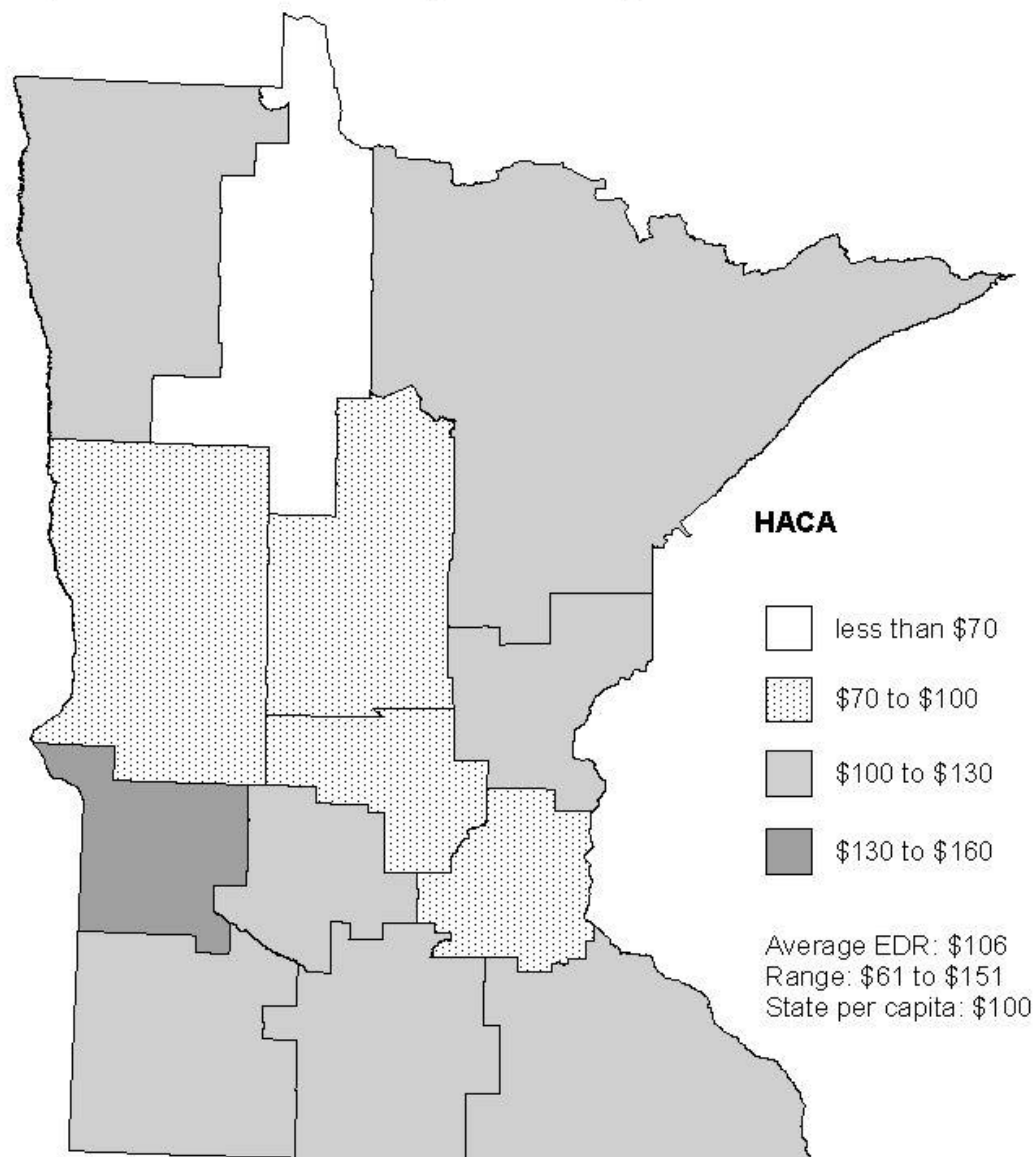
HACA did increase for payable 1998 by \$8.0 million to offset a class rate reduction for the first tier of seasonal recreational property (this class rate reduction was approved by the legislature in 1996, before adoption of class rate compression). In addition, county HACA increased by \$2.7 million due to the household growth factor, and school HACA was reduced by \$28.2 million in the continuing program of increased state funding for special education. Finally, HACA payments to certain cities were reduced by \$0.4 million for TIF aids (nonpermanent reductions).

For taxes payable in 1999, school HACA was reduced by another \$28.2 million in the continuing program of increased state funding for special education.

HACA per capita, 1999 by County



HACA per capita, 1999 by Economic Development Region



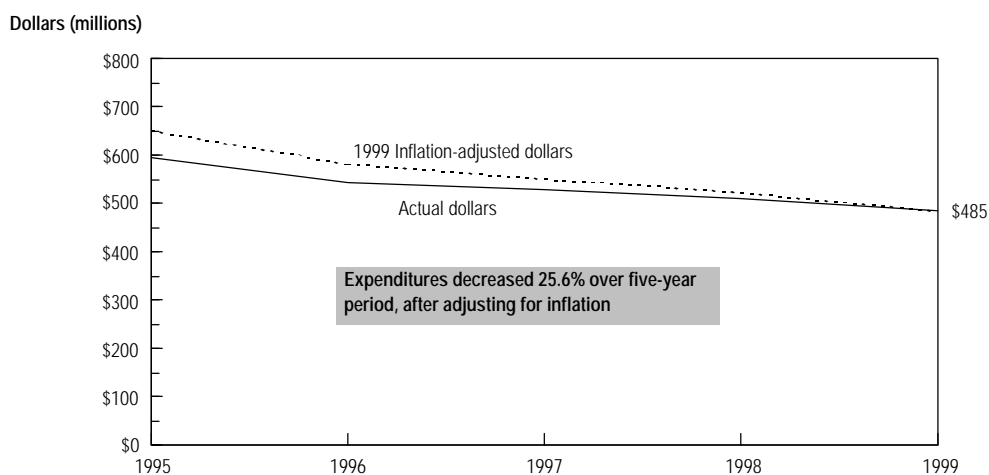
The Past Five Years of HACA

The table below summarizes the HACA amounts by region for the past five years for the state and economic development regions. The graph shows total dollars of HACA aid for that same time period in current (actual) and constant (inflation-adjusted) dollars.

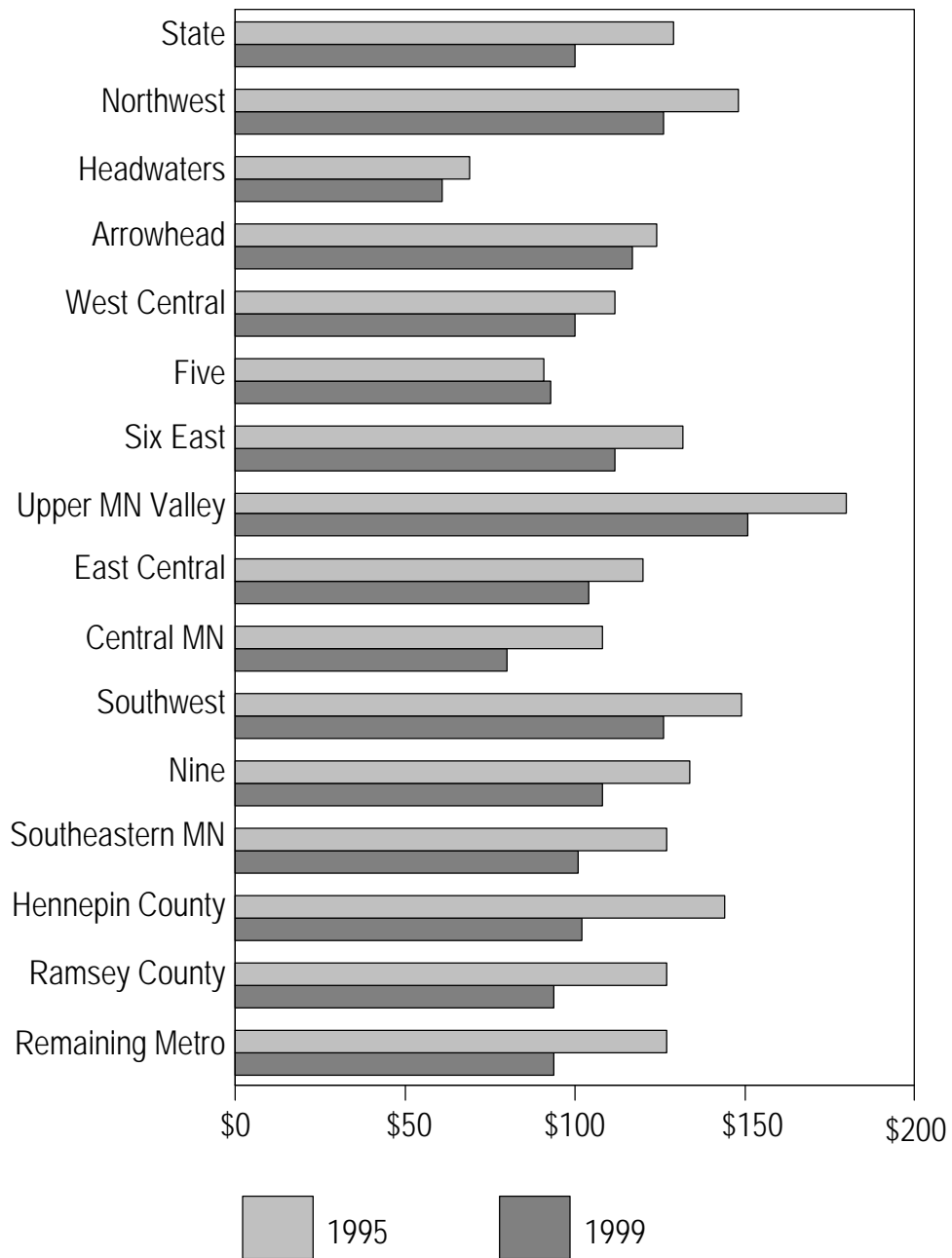
Homestead and Agricultural Credit Aid: 1995 to 1999

Current dollars, in thousands						
State	1995	1996	1997	1998	1999	5-Yr. Chg. Aid
\$595,403	\$544,411	\$527,650	\$510,106	\$484,812	-19%	
Northern Regions						
Northwest (1)	13,477	12,575	12,200	11,814	11,316	-16
Headwaters (2)	4,893	4,266	4,507	4,787	4,491	-8
Arrowhead (3)	39,195	36,430	37,463	38,420	37,372	-5
West Central (4)	22,840	20,975	21,428	21,925	20,997	-8
Five (5)	12,745	11,562	12,883	14,260	13,806	8
East Central (7E)	14,459	13,514	13,810	14,166	13,826	-4
Southern Regions						
Six East (6E)	15,027	14,014	13,840	13,588	13,044	-13
Upper MN Valley (6W)	9,078	8,519	8,217	7,907	7,581	-16
Central MN (7W)	31,188	28,540	27,589	26,727	25,485	-18
Southwest (8)	18,481	17,256	16,724	16,159	15,523	-16
Nine (9)	29,629	27,476	26,528	25,526	24,329	-18
Southeastern MN (10)	55,377	51,260	49,335	47,472	45,502	-18
Total Nonmetro	\$266,389	\$246,388	\$244,525	\$242,751	\$233,271	-12%
Metro Region						
Hennepin County	152,790	136,659	127,325	119,319	111,131	-27
Ramsey County	63,006	56,537	53,264	50,036	46,853	-26
Remaining Metro	113,219	104,827	102,535	97,999	93,558	-17
Total Metro	\$329,015	\$298,023	\$283,124	\$267,354	\$251,541	-24%

Statewide Homestead and Agricultural Credit Aid



Per Capita Homestead and Agricultural Credit Aid 1995 and 1999



County Criminal Justice Aid

Program Description

County criminal justice aid is a state aid to county governments that is intended to reduce the reliance of county criminal justice and corrections programs on property taxes. The aid, which initially took effect for taxes payable in 1993, must be used to pay expenses associated with criminal justice activities including law enforcement, criminal adjudication, and corrections.

Aid Amount and Reporting

1999 County Criminal Justice Aid: \$28.7 million

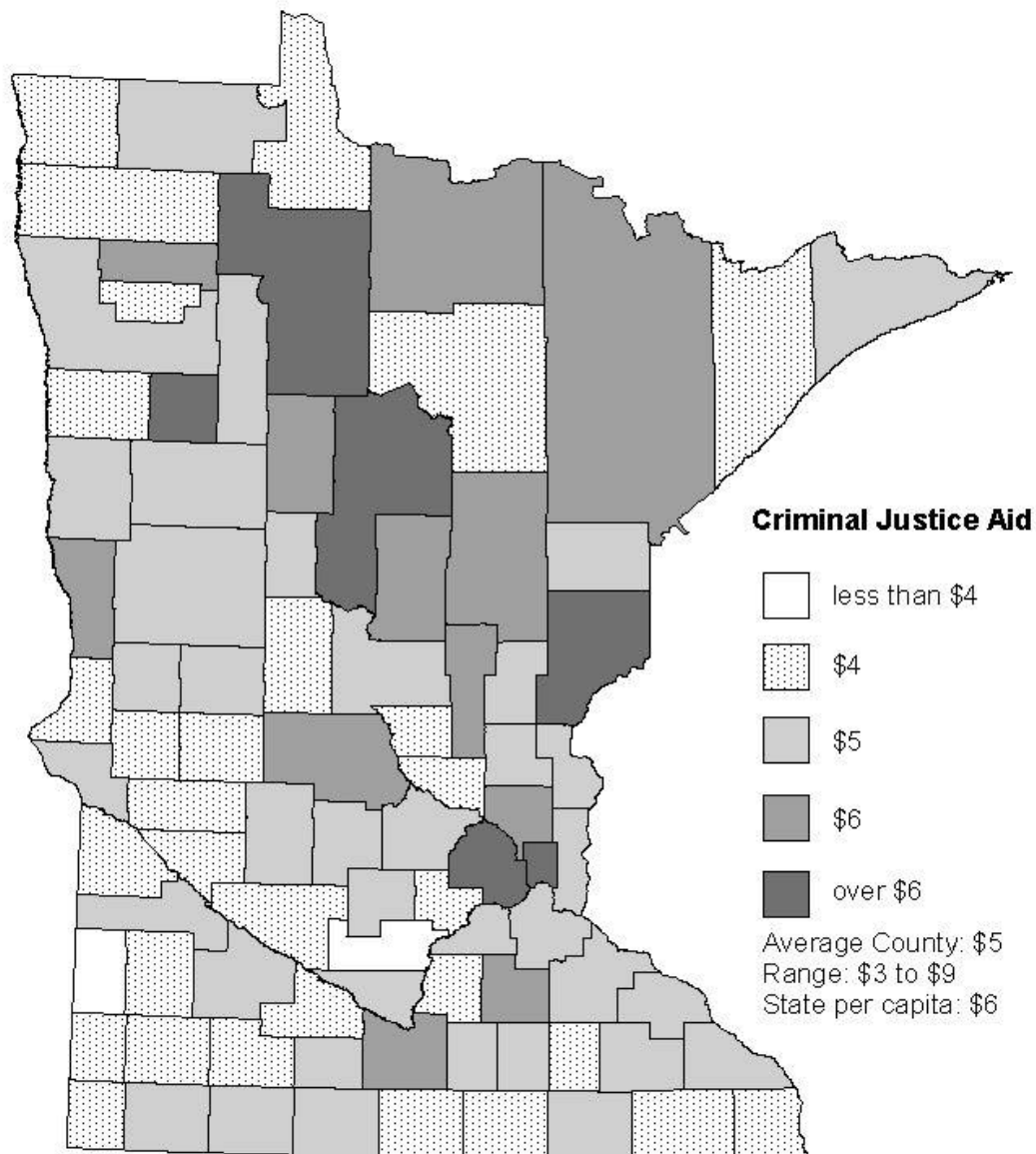
County criminal justice aid totaled \$28,650,293 in 1999. Criminal justice aid is distributed to each county based upon a formula. One-half is distributed to each county in the same proportion that the county's population is to the population of all counties. The other one-half of the aid is distributed to each county in the same proportion that the county's Part I crimes are to the total Part I crimes for all counties. "Part I crimes" is a classification created by the federal government to measure "serious crime," and includes the following eight crimes: murder, rape, aggravated assault, robbery, burglary, larceny, motor vehicle theft, and arson.

Each calendar year, 1.5 percent of the total appropriation is retained by the Commissioner of Revenue to make reimbursements to the Commissioner of Finance to defray the additional costs associated with court-ordered counsel of the district public defender. For 1999, this amount was \$434,512.

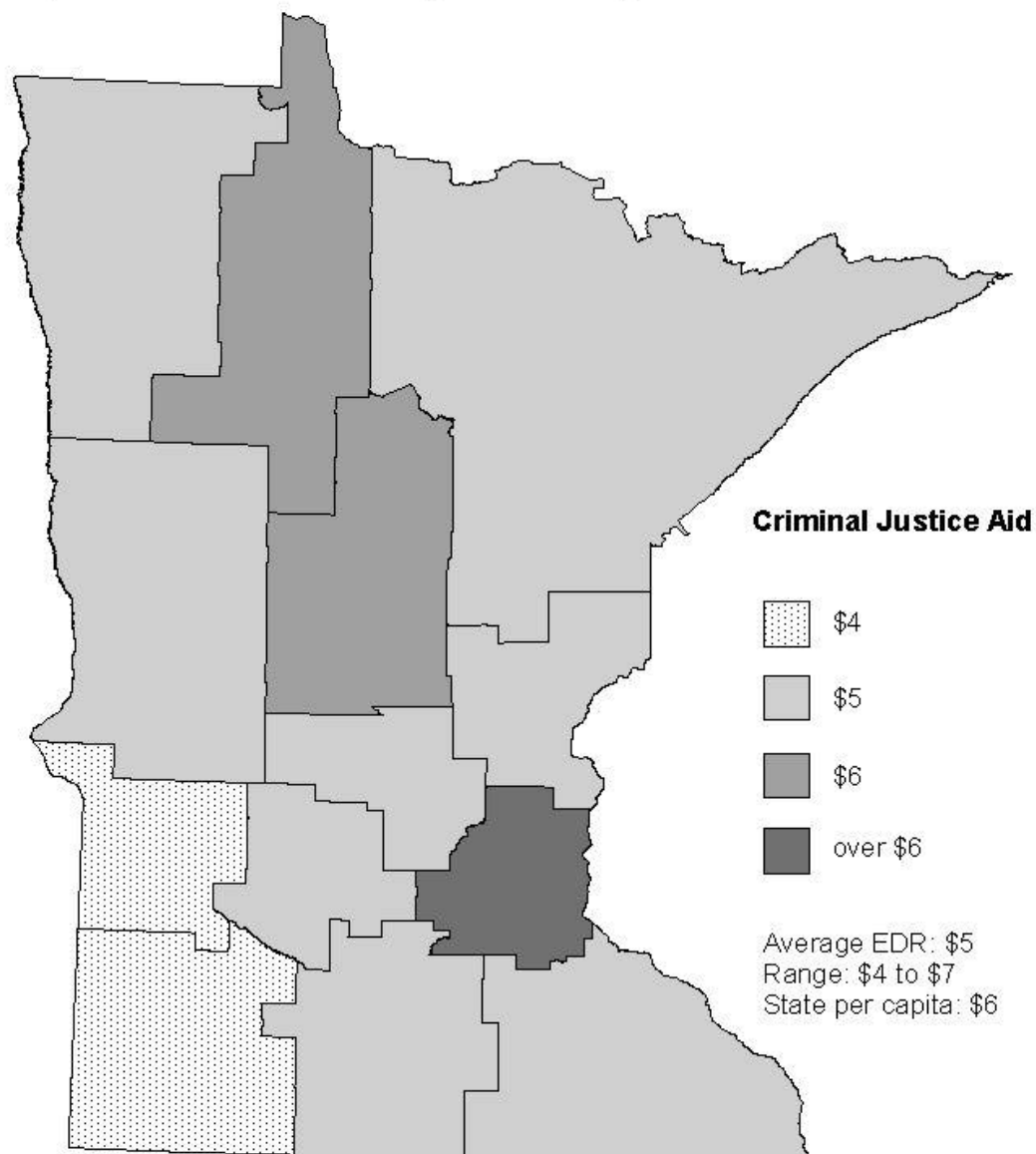
Recent Law Changes

In taxes payable 1996, HACA was reduced by \$10 million statewide, in return for a \$10 million increase in county criminal justice aid. Then again in 1997, another transfer was made from HACA to criminal justice aid in the amount of \$6.8 million (see page 40).

Criminal Justice Aid per capita, 1999 by County



Criminal Justice Aid per capita, 1999 by Economic Development Region



The Past Five Years of Criminal Justice Aid

The table below shows the distribution of county criminal justice aid in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of county criminal justice aid for that same time period in current (actual) and constant (inflation-adjusted) dollars.

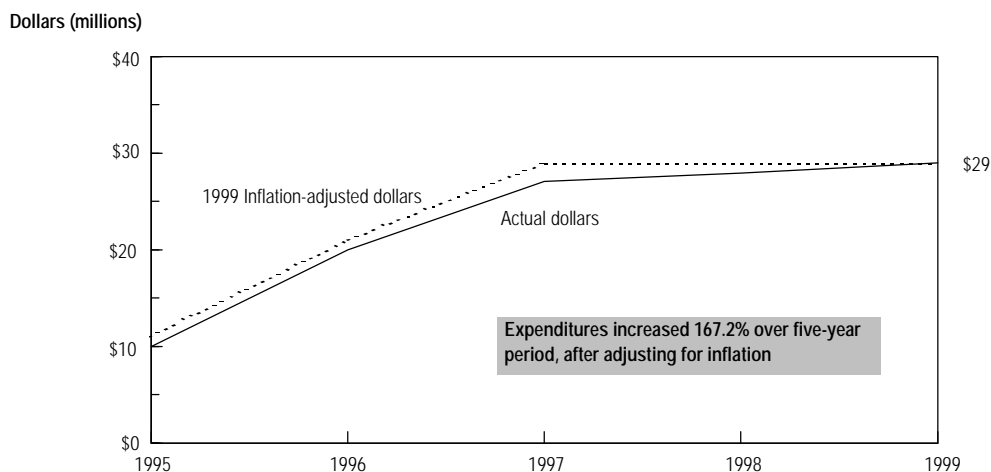
Criminal Justice Aid: 1995 to 1999

Current dollars, in thousands

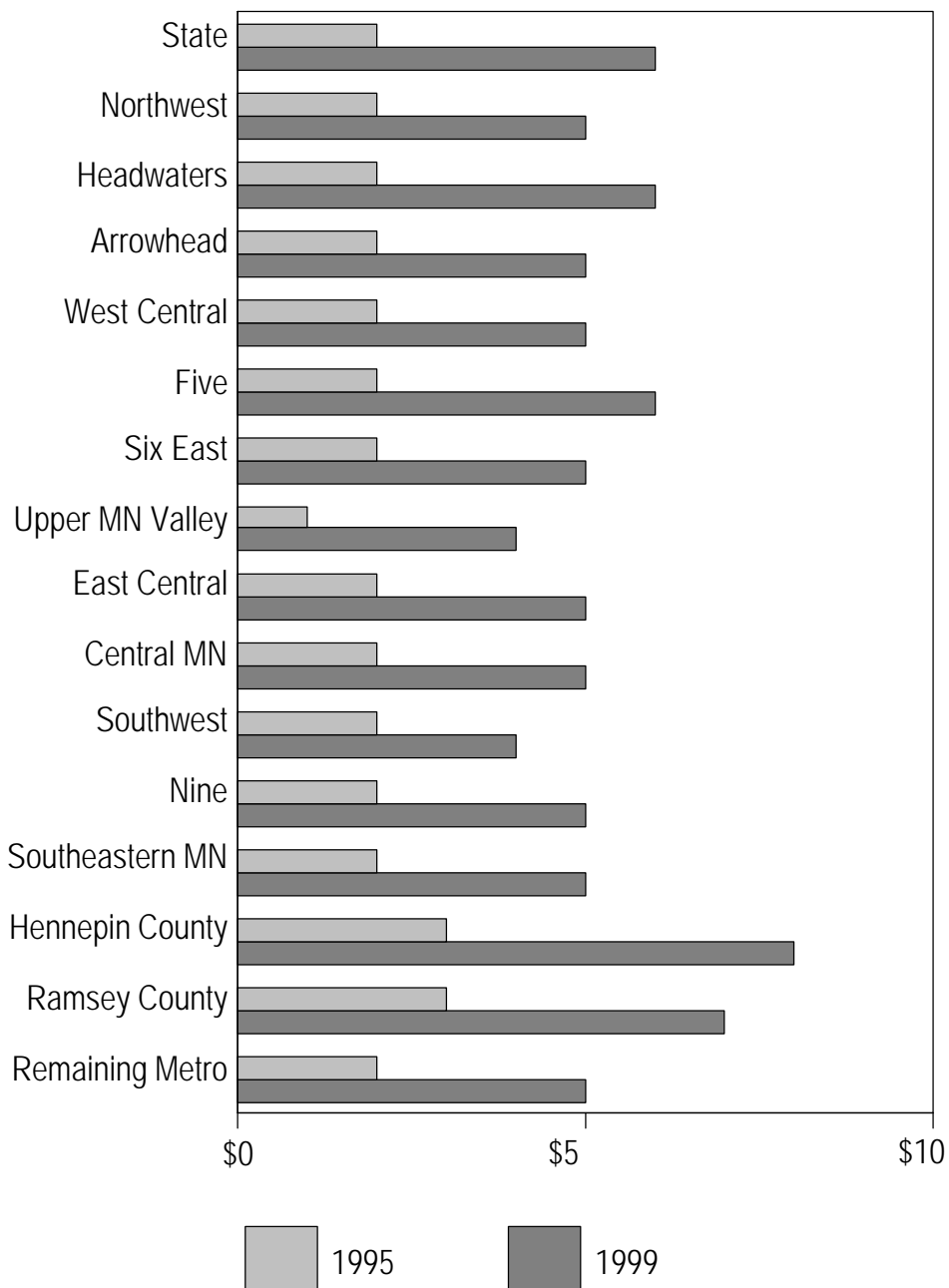
State	1995	1996*	1997*	1998	1999	5-Yr. Chg. Aid
	\$9,798	\$20,010	\$27,488	\$28,025	\$28,650	192%
Northern Regions						
Northwest (1)	147	318	417	417	420	186
Headwaters (2)	145	304	419	427	463	220
Arrowhead (3)	611	1,225	1,679	1,716	1,727	183
West Central (4)	364	761	1,000	1,020	990	172
Five (5)	291	581	835	827	851	193
East Central (7E)	227	456	655	681	707	212
Southern Regions						
Six East (6E)	209	427	596	599	580	177
Upper MN Valley (6W)	73	157	212	212	213	192
Central MN (7W)	492	1,005	1,452	1,490	1,568	218
Southwest (8)	187	382	512	535	543	190
Nine (9)	378	750	1,110	1,076	1,091	189
Southeastern MN (10)	797	1,638	2,268	2,264	2,223	179
Total Nonmetro	\$3,920	\$8,004	\$11,155	\$11,264	\$11,375	190%
Metro Region						
Hennepin County	2,919	5,926	7,951	8,046	8,350	186
Ramsey County	1,244	2,523	3,485	3,573	3,680	196
Remaining Metro	1,716	3,557	4,898	5,142	5,245	206
Total Metro	\$5,878	\$12,006	\$16,333	\$16,761	\$17,275	194%

* County HACA was reduced by \$10 million in 1996 and by another \$6.8 million in 1997. Criminal justice aid was increased by that same amount for those two years.

Criminal Justice Aid



Per Capita Criminal Justice Aid 1995 and 1999



Community Corrections Funding

Program Description

Although counties assume much of the cost of their community correctional services, the state provides direct funding and in-kind services. Counties choose to receive funding from one of three basic funding systems: the community corrections act (CCA), county probation officer (CPO), and the Department of Corrections (DOC). They are as follows:

- Thirty-one counties are CCA counties. This group contains about 70 percent of the state's population, including most of the Twin Cities metropolitan area.
- Fifty-six counties are non-CCA counties. Although the Department of Corrections provides adult felony supervision to all 56 of these counties, they differ and are generally referenced as follows:
 - Thirty counties (called "CPO" counties) provide their own juvenile and adult misdemeanor supervision;
 - Twenty-six counties (called "DOC" counties) have their juvenile and adult misdemeanor supervision provided by the Department of Corrections.

To keep the counties on a comparable basis, the dollar amount of in-kind services provided by the DOC is included in this report, even though these counties do not receive an "aid payment" per se from the state.

Aid Amount and Reporting

1999 Community Corrections Funding: \$69.6 million

In 1999 the state funding was \$69,553,710. The table below lists the calendar year 1999 statewide total amounts for the various community correction funding programs:

Program	Amount	Percent
CCA Aid	\$31,647,000	45.5%
CPO reimbursement aid	3,765,954	5.4
DOC field services	5,617,587	8.1
Adult felony caseload reduction	1,484,318	2.1
Caseload/workload reduction	12,784,001	18.4
Intensive supervision	2,785,490	4.0
Juvenile placement	11,469,360	16.5
Total Aid and In-kind Services	\$69,553,710	100.0%

Although this is only the fifth year that community corrections funding has appeared in this report, they are not new programs. The state has helped the counties for many years in providing and managing its community correctional services for its offender population. However, since the amount of state assistance is continuing to increase, especially in the area of caseload/workload reduction, it is now being included in this report.

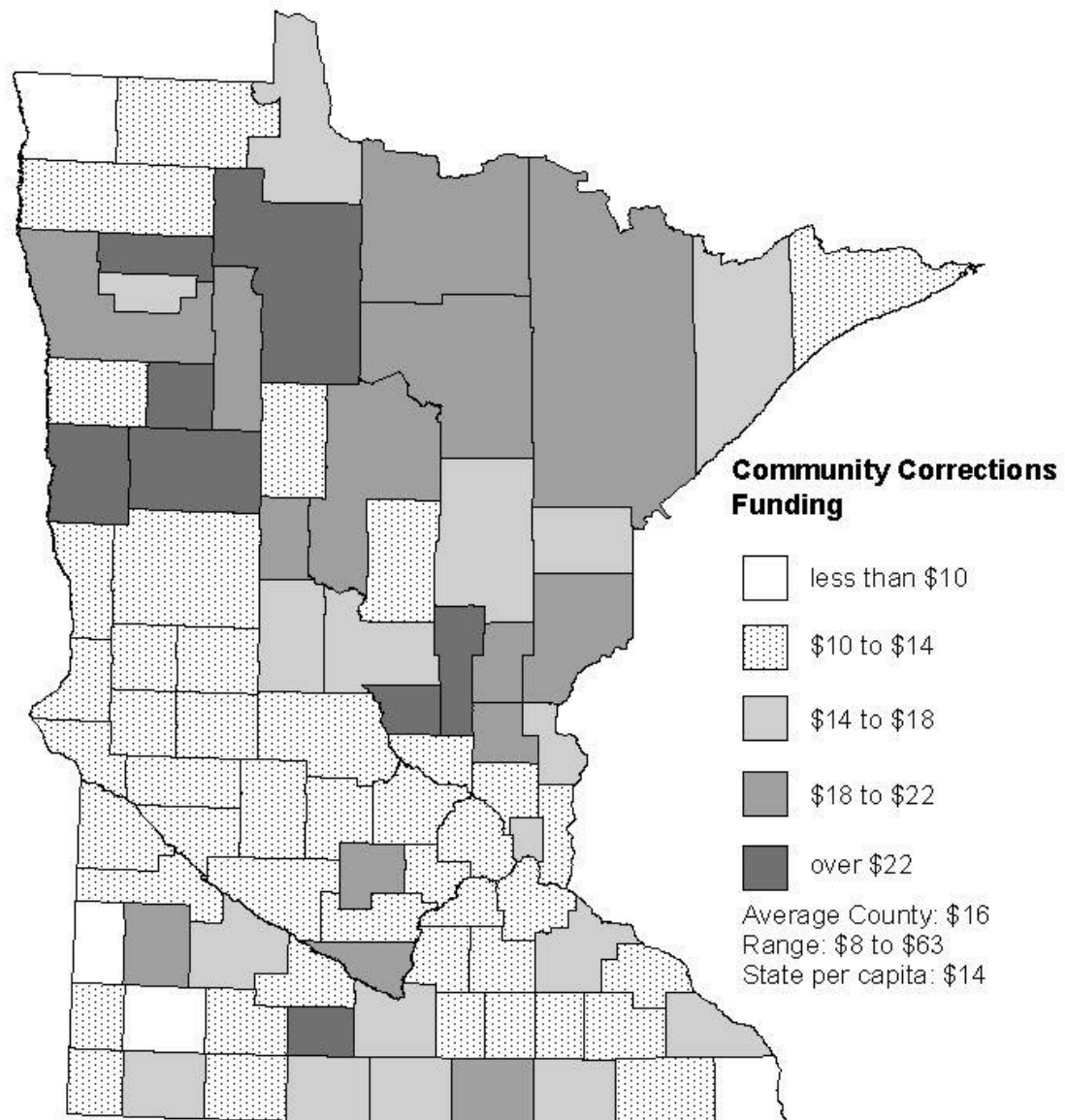
This year's community corrections funding total includes juvenile placement aid, a program that took effect in calendar year 1999. Due to timing issues in beginning the program effectively, one and a half years' worth of aid was distributed to counties in the first year of implementation. As a result the calendar year 2000 aid amount will likely be about two-thirds the size of the \$11.5 million distributed in calendar year 1999.

The Department of Corrections distributes some adult felony reduction aid, caseload/workload reduction aid, intensive supervision aid, and juvenile placement aid to regional groups of counties. For purposes of this report, these aid amounts were apportioned to individual counties based on the distribution of CCA aid to these counties, an apportionment method suggested by the Department of Corrections. These counties and the Department of Corrections regions they belong to are listed in the table below.

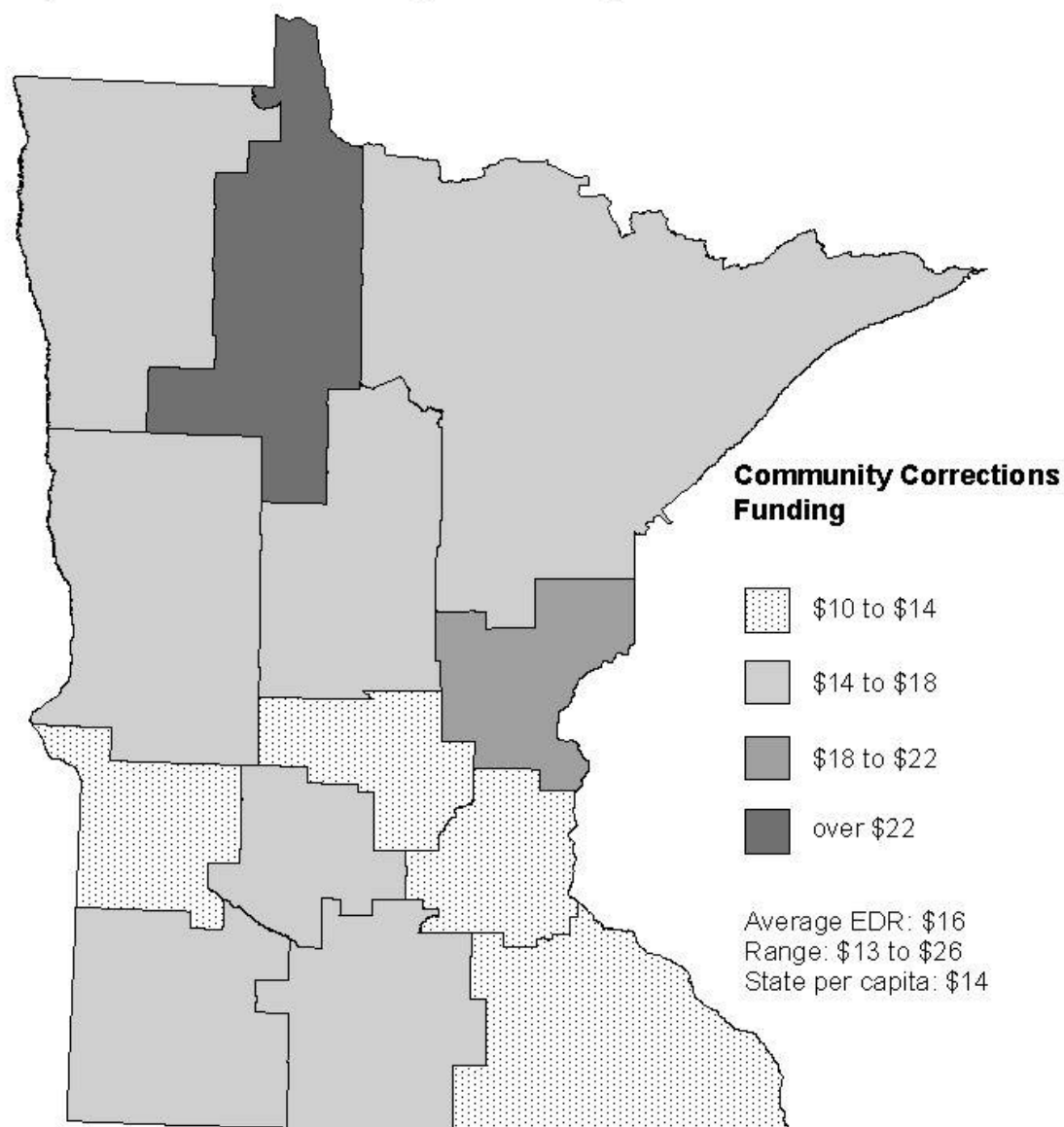
Region	Counties
Central Minnesota	Aitkin Crow Wing Morrison
DFO	Dodge Fillmore Olmsted
Tri-County	Norman Polk Red Lake
Arrowhead	Carlton Cook Koochiching Lake St. Louis
Region 6W	Chippewa Lac Qui Parle Swift Yellow Medicine
Rock/Nobles	Rock Nobles
Todd/Wadena	Todd Wadena

The community corrections funding data was obtained from the Department of Corrections.

Community Corrections Funding per capita, 1999 by County



Community Corrections Funding per capita, 1999 by Economic Development Region



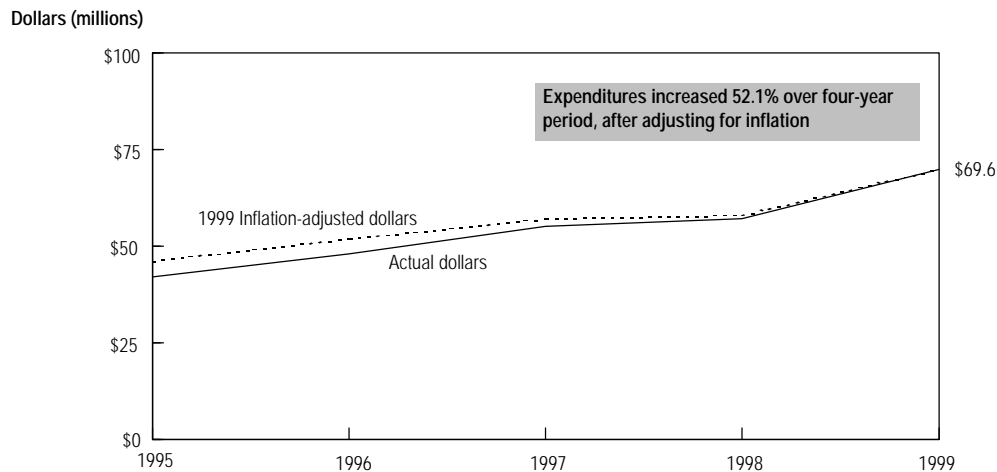
The Past Five Years of Community Corrections Funding

The table below shows the distribution of community corrections funding in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of community corrections funding for that same period in current (actual) and constant (inflation-adjusted) dollars.

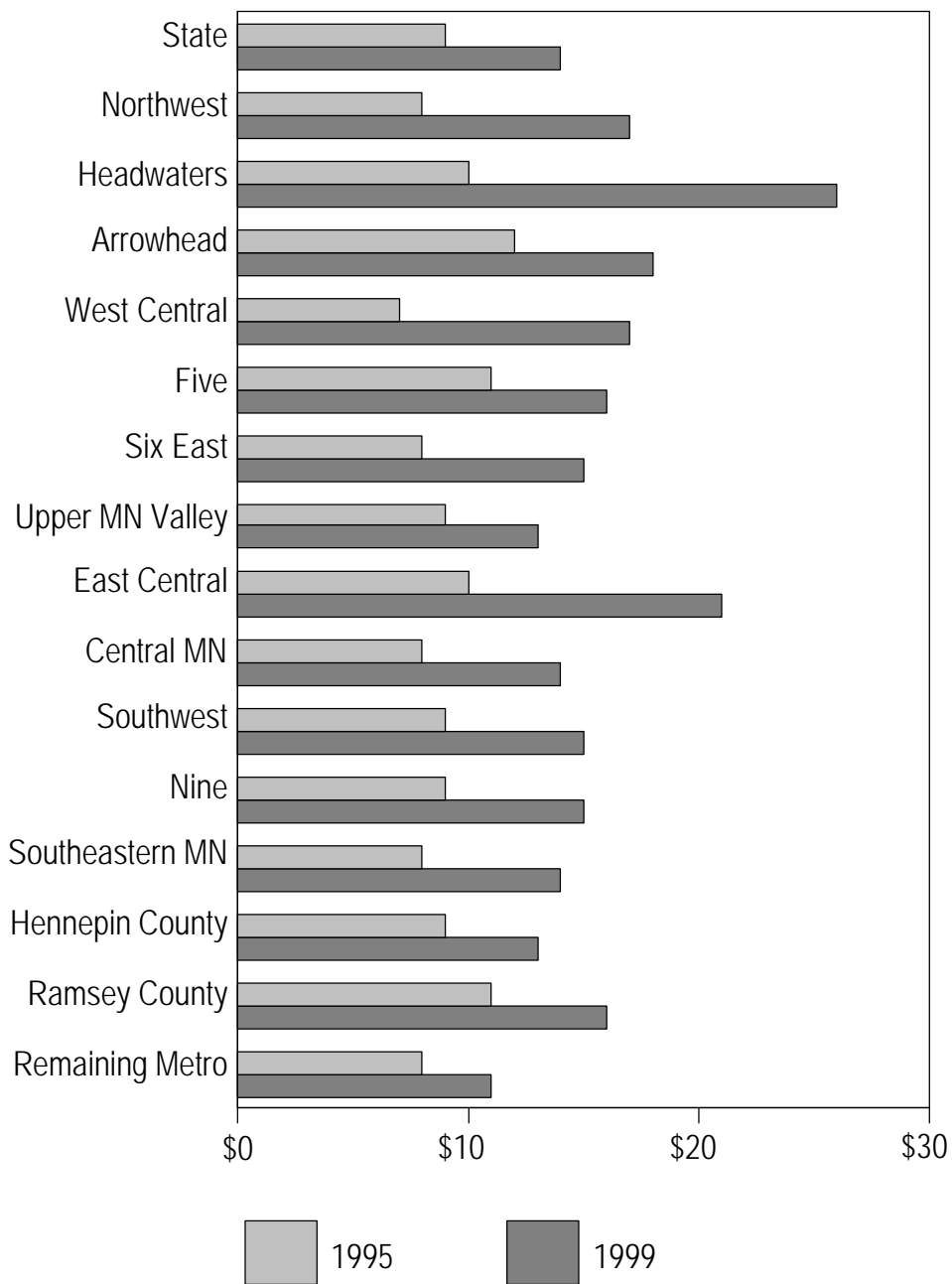
Community Corrections Funding: 1995 to 1999

	Current dollars, in thousands					
State	1995	1996	1997	1998	1999	5-Yr. Chg. Aid
	\$41,801	\$48,429	\$54,572	\$56,500	\$69,554	66%
Northern Regions						
Northwest (1)	752	967	1,081	1,203	1,566	108
Headwaters (2)	696	784	913	1,035	1,932	178
Arrowhead (3)	3,853	4,373	4,844	4,814	5,847	52
West Central (4)	1,405	2,081	1,683	1,929	3,499	149
Five (5)	1,498	1,734	1,908	1,996	2,346	57
East Central (7E)	1,153	1,335	1,630	1,735	2,834	146
Southern Regions						
Six East (6E)	867	917	1,118	1,154	1,762	103
Upper MN Valley (6W)	477	525	567	562	638	34
Central MN (7W)	2,453	2,817	3,493	3,602	4,467	82
Southwest (8)	1,070	1,208	1,172	1,124	1,831	71
Nine (9)	1,920	2,229	2,378	2,634	3,387	76
Southeastern MN (10)	3,501	4,009	4,705	4,789	6,126	75
Total Nonmetro	\$19,644	\$22,978	\$25,491	\$26,579	\$36,236	84%
Metro Region						
Hennepin County	9,301	10,731	12,351	12,697	13,942	50
Ramsey County	5,405	6,185	7,117	7,343	8,015	48
Remaining Metro	7,450	8,535	9,613	9,882	11,361	52
Total Metro	\$22,157	\$25,451	\$29,081	\$29,921	\$33,318	50%

Community Corrections Funding



Per Capita Community Corrections Funding 1995 and 1999



Property Tax Refund

Program Description

The property tax refund, also known as the “Circuit Breaker,” is a program in which the state partially reimburses homeowners and renters for a portion of their qualifying property taxes if those property taxes exceed a certain level of household income. Generally speaking, the higher the property tax and the lower the income, the higher the refund. The legislature establishes the income and property tax thresholds, reimbursement rates, and maximum refund amounts for the program. Each qualifying homeowner and renter must apply directly to the state for a refund. The amounts on the graphs/tables exclude the additional property tax refund (often referred to as “targeting”). See page 65 for a description of the targeting refund.

Aid Amount and Reporting

1998 Filed 1999 Property Tax Refund: \$187.0 million

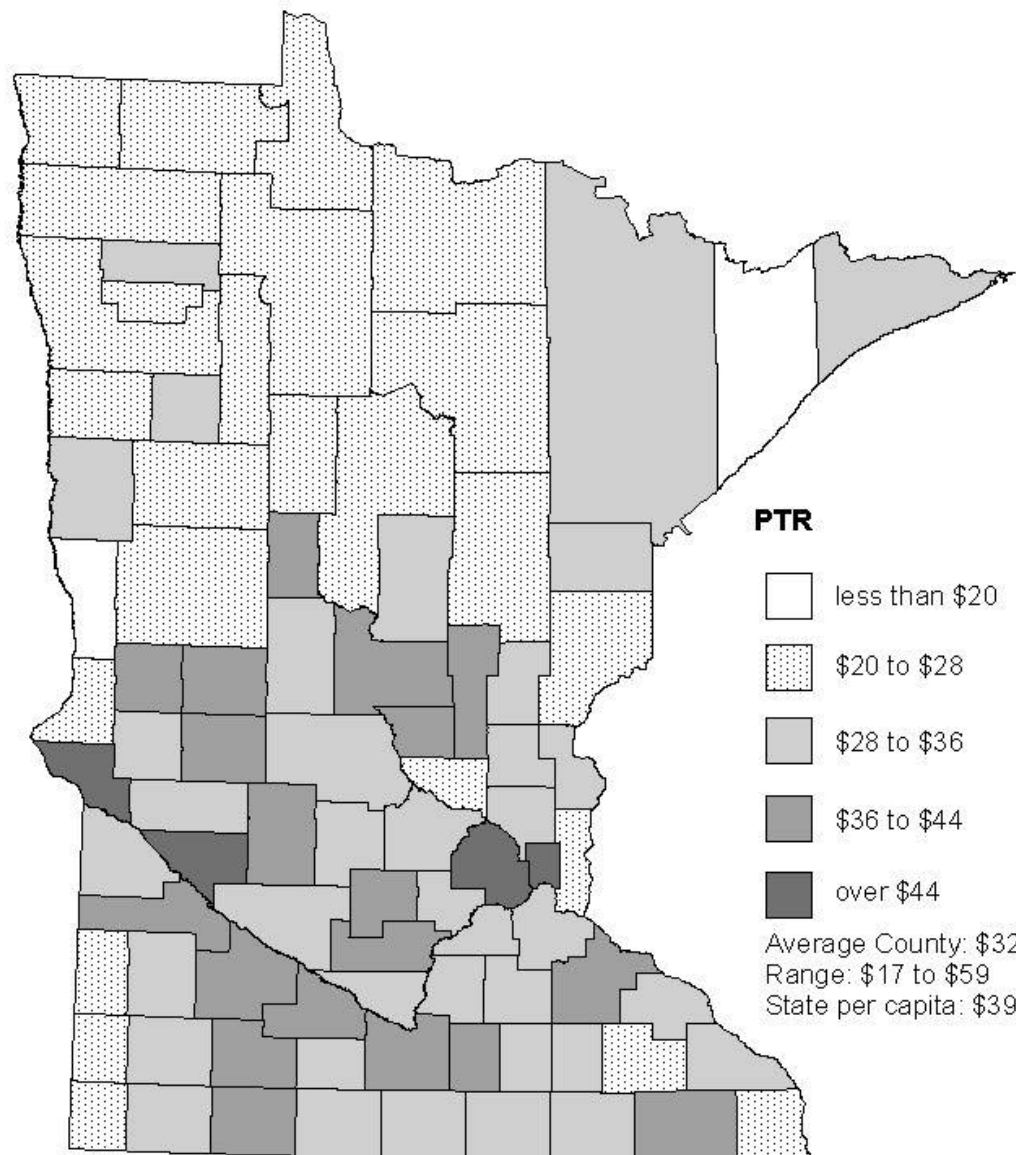
The total property tax refunds for the 1998 returns filed in 1999 for homeowners and renters is \$186,959,914. The table below summarizes statewide data on the number of returns, amounts, and average dollar per return for the various types of filers.

	Number of Returns (A)	Total Amount (B)	Net Amount per Return (C = B ÷ A)
Homeowners: ⁷			
Senior/Disabled	103,561	\$32,879,216	\$317
Under 65 Years	<u>143,694</u>	<u>45,943,539</u>	<u>320</u>
Total	247,255	\$78,822,755	\$319
Homeowners			
Renters:			
Senior/Disabled	77,667	\$35,009,319	\$451
Under 65 Years	<u>187,343</u>	<u>73,127,840</u>	<u>390</u>
Total Renters	265,010	\$108,137,159	\$408
Total	512,265	\$186,959,914	\$365

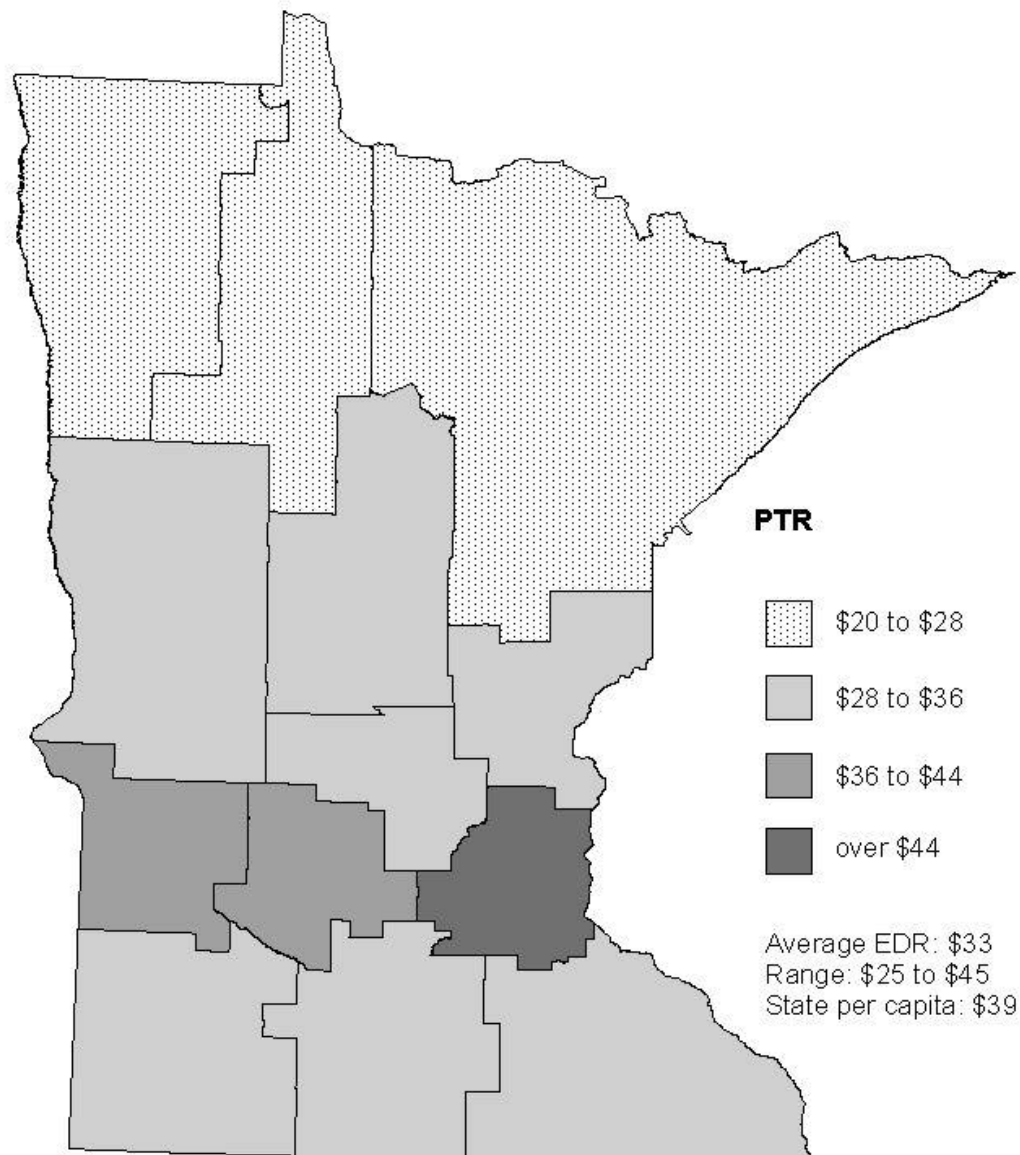
House Research Department

⁷ Includes claimants who are part homeowners and part renters for that year's claim.

Property Tax Refund per capita, 1998 filed 1999 by County



Property Tax Refund per capita, 1998 filed 1999 by Economic Development Region



The Past Five Years of Property Tax Refund (See note on page 63)

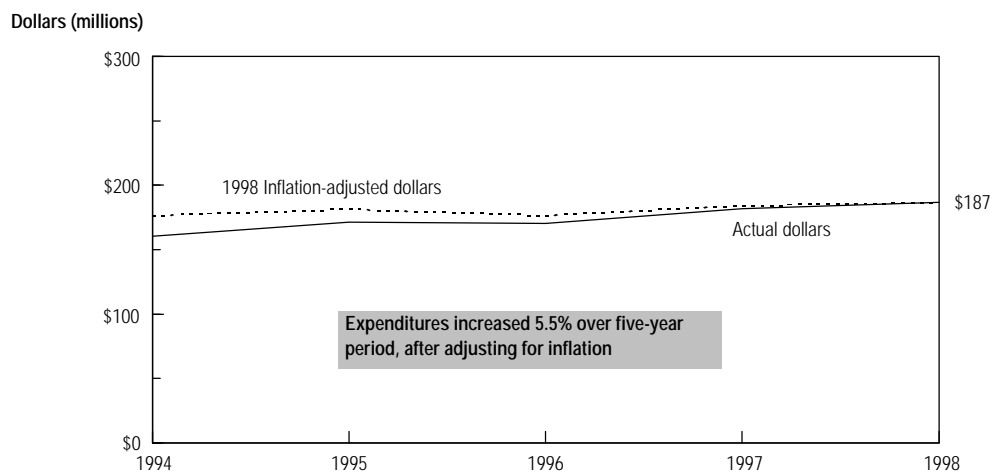
The table below shows the distribution of the property tax refund in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of the property tax refund for that same time period in current (actual) and constant (inflation-adjusted) dollars.

Property Tax Refund: 1994 to 1998

Current dollars, in thousands

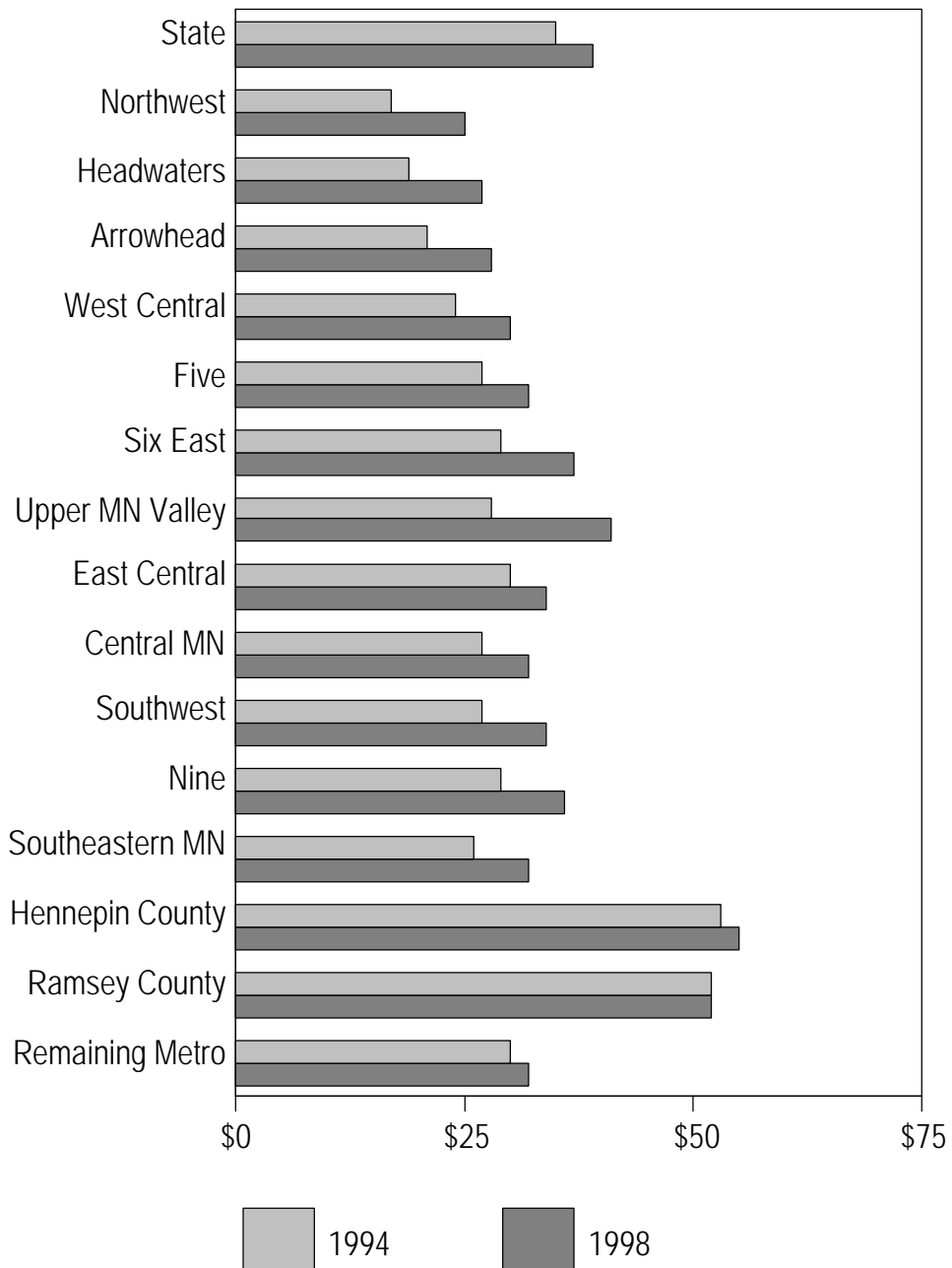
State	1994	1995	1996	1997	1998	5-Yr. Chg. Aid
	\$161,297	\$170,834	\$169,912	\$182,130	\$186,960	16%
Northern Regions						
Northwest (1)	1,522	1,651	1,659	1,906	2,212	45
Headwaters (2)	1,312	1,456	1,517	1,857	1,945	48
Arrowhead (3)	6,751	6,960	7,215	8,488	8,816	31
West Central (4)	4,813	5,227	5,326	6,011	6,241	30
Five (5)	3,658	4,012	4,014	4,468	4,711	29
East Central (7E)	3,591	3,928	4,082	4,363	4,444	24
Southern Regions						
Six East (6E)	3,235	3,515	3,646	3,990	4,261	32
Upper MN Valley (6W)	1,420	1,484	1,505	2,234	2,102	48
Central MN (7W)	7,639	8,241	8,467	9,493	9,842	29
Southwest (8)	3,303	3,446	3,518	3,909	4,282	30
Nine (9)	6,353	6,832	6,941	7,673	8,083	27
Southeastern MN (10)	11,110	11,817	12,264	13,770	14,467	30
Total Nonmetro	\$54,709	\$58,569	\$60,153	\$68,162	\$71,405	31%
Metro Region						
Hennepin County	55,637	58,299	56,277	58,466	59,019	6
Ramsey County	25,390	25,531	24,783	25,554	25,987	2
Remaining Metro	25,561	28,435	28,700	29,948	30,549	20
Total Metro	\$106,589	\$112,265	\$109,759	\$113,968	\$115,555	8%

Statewide Property Tax Refund



NOTE: The property tax refund historical data on this page and the preceding page excludes any targeting data (see page 65).

Per Capita Property Tax Refund 1994 and 1998



Additional Property Tax Refund (Targeting)

Program Description

“Targeting” is an additional property tax refund. The refund targets property tax relief to those homeowners whose property tax increase over the previous year exceeds a threshold percentage set by the legislature. The property tax refund return (M-1PR) contains a separate schedule for the targeting refund. The taxpayer files for this refund at the same time and in the same manner as for the regular property tax refund. However, unlike the regular property tax refund, all homeowners qualify for targeting regardless of their household income if the tax increase exceeds the specified percentage.

Aid Amount and Reporting

1999 Targeting Refunds: \$1.6 million

For returns filed in 1999 (for property taxes payable in 1999) the state paid 60 percent of the property tax increase over 12 percent (i.e., the taxpayer had to pay the first 12 percent increase over the previous year before qualifying for a refund), provided that the increase was greater than \$100. There were about 20,000 returns filed in 1999 for a total amount of \$1,636,766. The average refund per return was \$83. (The maximum refund is \$1,000.) The amount of the targeting refund is listed separately on all of the tables in this report, directly after the regular property tax refund amounts.

Recent Law Changes

Beginning with taxes payable in 1995, the state’s share over the 12 percent property tax increase was changed from 75 percent of the increase to 60 percent of the increase.

Seasonal Residential Recreational Credit: Tax Years 1998 and 1999 Only

Taxpayers could claim a nonrefundable credit for substantial property tax increases on seasonal residential recreational property (i.e., cabins). The credit equaled 75 percent of a property tax increase over 10 percent, up to a maximum credit of \$225. Taxpayers claimed the credit on their income tax returns. For tax year 1998 (returns filed in 1999) 557 returns claimed \$39,620 in credits, for an average credit of \$71. This credit is not included in this report due to its minimal amount.

The Past Five Years of Targeting Refunds

The table below shows the distribution of targeting refunds in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of targeting refund for that same time period in current (actual) and constant (inflation-adjusted) dollars.

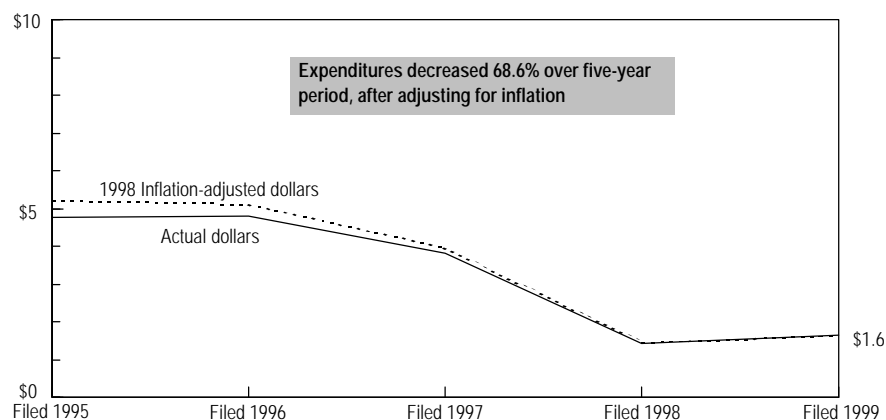
Targeting: 1995 through 1999

Current dollars, in thousands

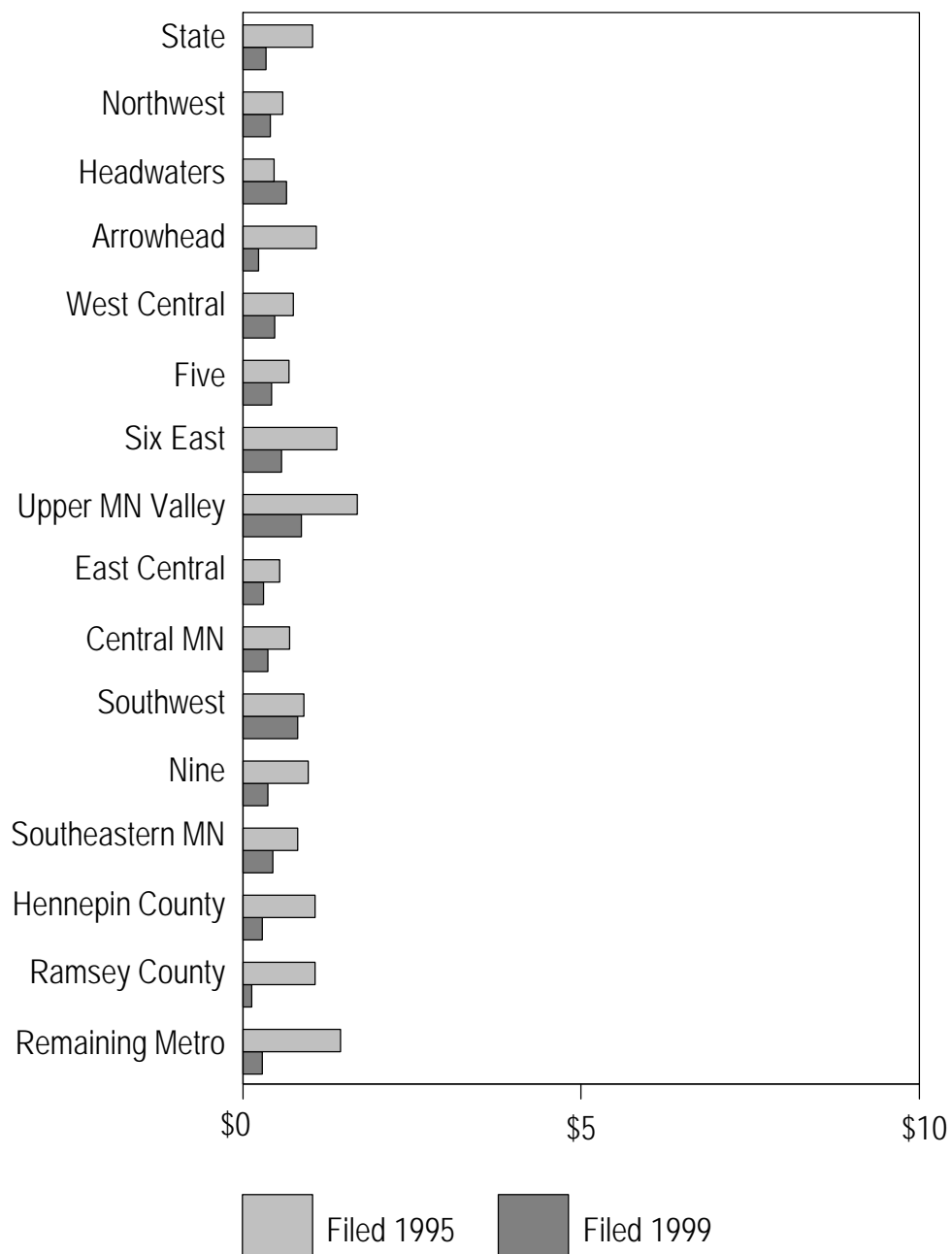
State	Filed 1995	Filed 1996	Filed 1997	Filed 1998	Filed 1999
State	\$4,745	\$4,789	\$3,811	\$1,424	\$1,637
Northern Regions					
Northwest (1)	54	33	50	29	37
Headwaters (2)	31	32	23	16	47
Arrowhead (3)	341	227	302	132	77
West Central (4)	151	120	112	58	100
Five (5)	93	115	79	40	62
East Central (7E)	65	85	82	57	41
Southern Regions					
Six East (6E)	157	168	166	55	66
Upper MN Valley (6W)	86	92	95	41	44
Central MN (7W)	199	183	182	93	118
Southwest (8)	110	168	125	46	102
Nine (9)	210	350	302	137	85
Southeastern MN (10)	354	301	744	271	195
Total Nonmetro	\$1,852	\$1,874	\$2,263	\$974	\$974
Metro Region					
Hennepin County	1,118	1,684	655	224	317
Ramsey County	530	205	144	52	72
Remaining Metro	1,245	1,025	750	174	274
Total Metro	\$2,893	\$2,914	\$1,549	\$449	\$663

Targeting Refunds

Dollars (millions)



Per Capita Targeting Refunds Filed 1995 and 1999



Property Tax Data

Property Tax Data

Payable 1999 Property Tax Credits

The property tax credits discussed in this section are listed on the property tax statement. The property's tax less any applicable property tax credits equals the net tax amount which the taxpayer must pay to the county for distribution to the local governmental units.

Payable 1999 Education Homestead Credit: \$304.3 million

As part of property tax reform measures, the 1997 Legislature enacted the education homestead credit effective for taxes payable in 1999 and thereafter. The percentage rates and maximums were further increased by the 1998 Legislature.

For taxes payable in 1999, the credit, which applies to each homestead property, equals 66.2 percent of the property's general education tax, subject to a maximum credit of \$320 per homestead. For agricultural homesteads, the credit applies only to the tax on the house, garage, and one acre of land. If the general education tax has been reduced through disparity reduction aid or taconite aid, the credit is determined using a hypothetical general education tax computed as if there were no offsetting aid.

By using the state general education tax as the basis for the education homestead credit, homes of similar value will receive similar credit amounts, regardless of location throughout the state. The credit reaches its maximum level of \$320 at approximately \$105,000 of market value.

Payable 1999 Taconite Homestead Credit: \$15.3 million

The taconite homestead credit amount excludes mobile home taconite homestead credit and adjustment amounts for prior years. Homeowners in the taconite tax relief areas, located in northern Minnesota on the Iron Range, receive a credit of either 57 percent or 66 percent. The percentage or relief depends upon certain characteristics of the local jurisdiction, such as the value of the iron ore in the district, proximity to mines, etc. A supplemental taconite homestead credit amount of \$512,057 is included in the \$15.3 million taconite homestead credit amount.

A county breakdown of the taconite homestead credit is shown on the following page.

County	Taconite Credit
Aitkin	\$791,547
Cook	446,991
Crow Wing	972,786
Itasca	3,686,201
Koochiching	4,477
Lake	1,078,269
St. Louis	8,271,641
Total	\$15,251,912

Payable 1999 Miscellaneous Credits: \$21.3 million

The total of the miscellaneous property tax credits for 1999 is \$21,333,733. This includes \$15,251,912 of taconite homestead credit (discussed above), as well as the total payable 1999 amounts for the disparity reduction credit, power line credit, agricultural preserves credit, county conservation credit, enterprise zone credit, and disaster credit. A statewide breakdown of these miscellaneous credits is shown below.

Type of Credit	Amount
Taconite Homestead Credit	\$15,251,912
Disparity Reduction Credit ⁸	4,901,773
Power Line Credit	141,589
Agricultural Preserves Credit	303,311
County Conservation Credit	206,083
Enterprise Zone Credit	8,750
Disaster Credit	520,315
Total	\$21,333,733

1998 Statewide Property Valuation

Market Valuation: \$222.6 billion
Net Tax Capacity: \$3.6 billion

This is the total real and personal property valuation for the 1998 assessment for taxes payable in 1999. The market valuation of \$222,638,574,836, as well as the net tax capacity of \$3,598,982,382, is listed in the tables. Net tax capacity is the valuation which results after the property tax capacity class rates have been applied to the market values.

⁸ A disparity reduction credit was established by the 1988 Legislature to provide additional property tax relief in the border cities of Breckenridge, Dilworth, East Grant Forks, and Moorhead. The credit, which is effective for taxes payable in 1989 and subsequent years, applies to class 4a apartments with four or more units, and commercial, industrial, and public utility land and buildings. The credit is the amount by which the net tax exceeds a 2.3 percent effective tax rate for apartments, commercial, industrial, and public utility land and buildings.

Payable 1999 Net Property Tax Levy: \$4.9 billion

The payable 1999 net property tax levy, excluding special assessments, made by each type of taxing district (i.e., county, city/town, school district, and miscellaneous taxing districts) is shown in the table below. The table includes \$4.7 million of net tax capacity levy and \$201.7 million of market value levy. The statewide, region, and county tables include the total of the net tax capacity levy and the market value levy. However, the average tax rate shown on those tables is the net tax capacity average tax rate, which is the primary tax rate used.

“Miscellaneous districts” includes levies made by special taxing districts (i.e. Metropolitan Council, regional transit authorities, hospital districts, port authorities, watershed districts, etc.), as well as the tax increment of tax increment financing districts, fiscal disparity contribution levies, and the power line levy amounts.

“Net taxes payable” is the amount of property taxes actually paid by the taxpayer after the subtraction of the state paid property tax credits. However, the tax amount is prior to the subtraction of the regular property tax refund and the targeting refund.

Type of Taxing District	Payable 1999 Net Property Tax Levy (dollars in millions)	Percent
County	\$1,414	28.7%
City/Town:	900	18.3
City	807	
Town	93	
School District	2,145	43.5
Miscellaneous Districts:	471	9.5
Special Taxing Districts	169	
Tax Increment Financing	302	
Fiscal Disparity Contribution	*	
Power Line	0.4	
State Total	\$4,930	100.0%

* For purposes of this table, the fiscal disparity levy amount has been redistributed back to the various taxing districts.

The table above shows the fiscal disparity contribution levy amount as “zero” because the levy amount has been redistributed back to the various taxing districts. The fiscal disparity distribution amounts shown below are the amounts which were included in the property tax levy by type of district.

Type of Taxing District	Metro	Iron Range	Total Payable 1999 Levy
County	\$104,341,025	\$244,287	\$104,585,312
City	81,516,550	203,928	81,720,478
Town	1,132,544	34,035	1,166,579
School District	185,584,737	185,958	185,770,695
Special Taxing Districts	24,862,994	6,709	24,869,703
Total Fiscal Disparity Levy	\$397,437,850	\$674,917	\$398,112,767

However, in the county and region tables (Sections 3 and 4 of the report) the fiscal disparity levy is included in the “Miscellaneous District Levy,” since that is how it is reported to the Department of Revenue and a detailed breakdown of that levy is not readily available. The fiscal disparity levy applies only to taxing districts in the seven-county metro area and in the Iron Range fiscal disparities area.

Payable 1999 Statewide Average Net Tax Capacity Tax Rate

The average net tax capacity tax rate is computed by dividing the total levy excluding special assessments by the total net tax capacity. A small portion (\$201.7 million statewide) of property tax levies are spread on market value rather than on net tax capacity. This amount is not included in the computation of the statewide average net tax capacity tax rate. As market value levies become more significant in future years, separate average tax rates will be computed for the market value levy and the net tax capacity levy.

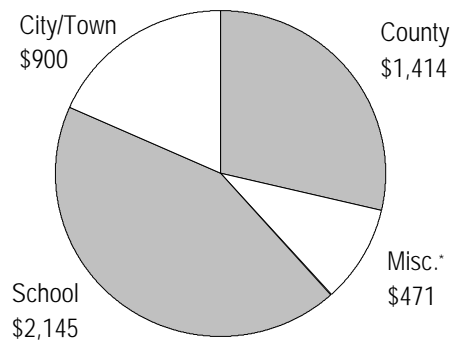
For purposes of this calculation

- “levy” includes the tax increment financing levy and the fiscal disparity contribution levy; and
- “tax capacity” includes the total net tax capacity before the subtraction of the tax increment financing captured net tax capacity and before any fiscal disparity adjustments.

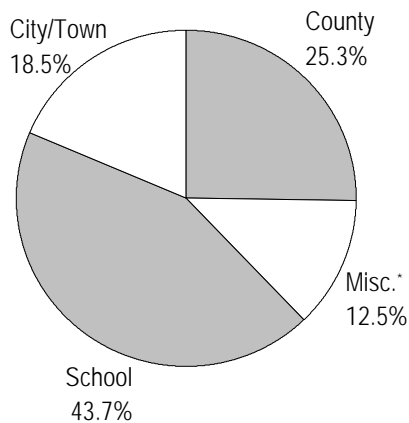
This rate represents the statewide average net tax capacity rate of taxation for all property. The same methodology is used in all the tables in the report containing an average net tax capacity rate.

**Payable 1999 Property Tax Levies
by Type of Taxing District**
\$4,930
(dollars in millions)

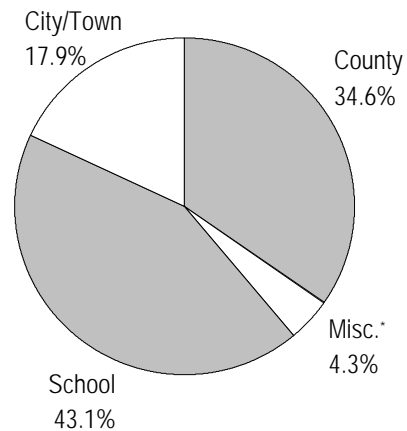
Statewide



Metro



Non-Metro



House Research Graphics

* Miscellaneous includes special taxing districts, tax increment financing, and power line levies, but excludes the fiscal disparities distribution levy, which has been allocated to counties, cities/towns, school districts, and special districts. The metro/nonmetro tables later in the report show the fiscal disparities levy as part of "Miscellaneous District Levy."

Major State Taxes

Individual Income Tax

Program Description

Individual income tax is a tax imposed by the state upon (1) the income of Minnesota residents and (2) the income, derived from Minnesota sources, of nonresident individuals. The 1998 tax base (filed in 1999) is essentially federal taxable income with minor modifications, including the addition of interest earned on bonds issued by other states, an income exclusion for elderly filers, and a subtraction for certain dependent education expenses. Rates applied in 1998 ranged from 6 percent to 8.5 percent. In 1998 Minnesota allowed a refundable dependent care credit of up to \$720 for one child and \$1,440 for two or more children, and a working family credit tied to the federal earned income credit. In 1998 the maximum working family credit was \$1,127.

Tax Amount and Reporting

1998 Filed 1999 Individual Income Tax: \$5.4 billion

The total amount of the 1998 individual income tax returns filed in 1999 is \$5,417,426,090. The tax shown is net tax (after refunds) reported on the basis of the filer's county of residence. The state total includes \$204.3 million of individual income taxes collected from returns filed by nonresident taxpayers, which was not allocated to the counties throughout this report resulting in a net amount of \$5,213.1 million collected from Minnesota residents.

Individual income tax data was obtained from the Department of Revenue.

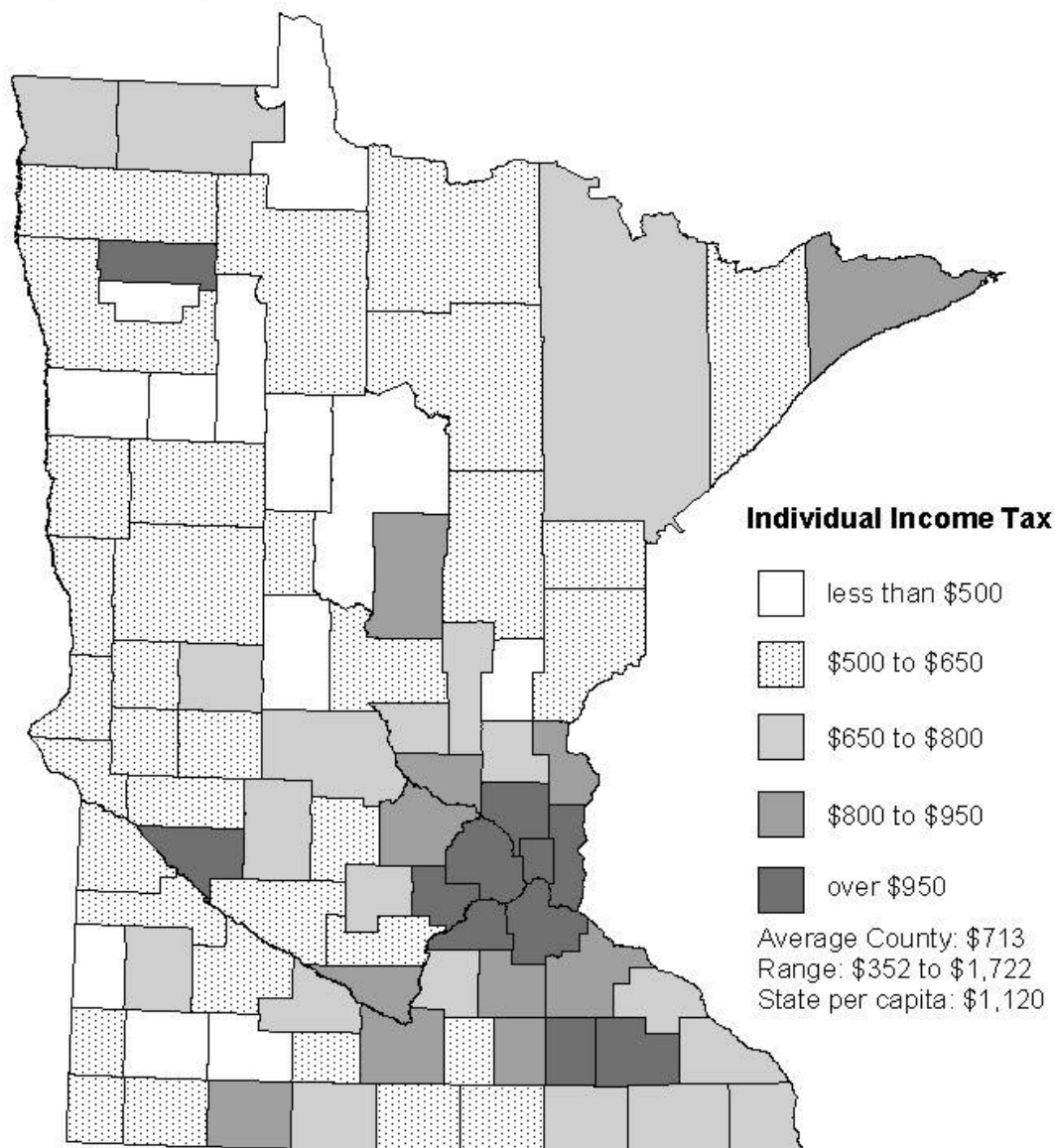
Recent Law Changes

Minnesota conformed with all major changes made in the federal tax code in 1994, 1995, 1998, and 2000. Recent changes included taxing up to 85 percent of Social Security income for middle- and upper-income taxpayers, conforming to federal IRA expansions, and extending the exclusion for employer-provided education assistance.

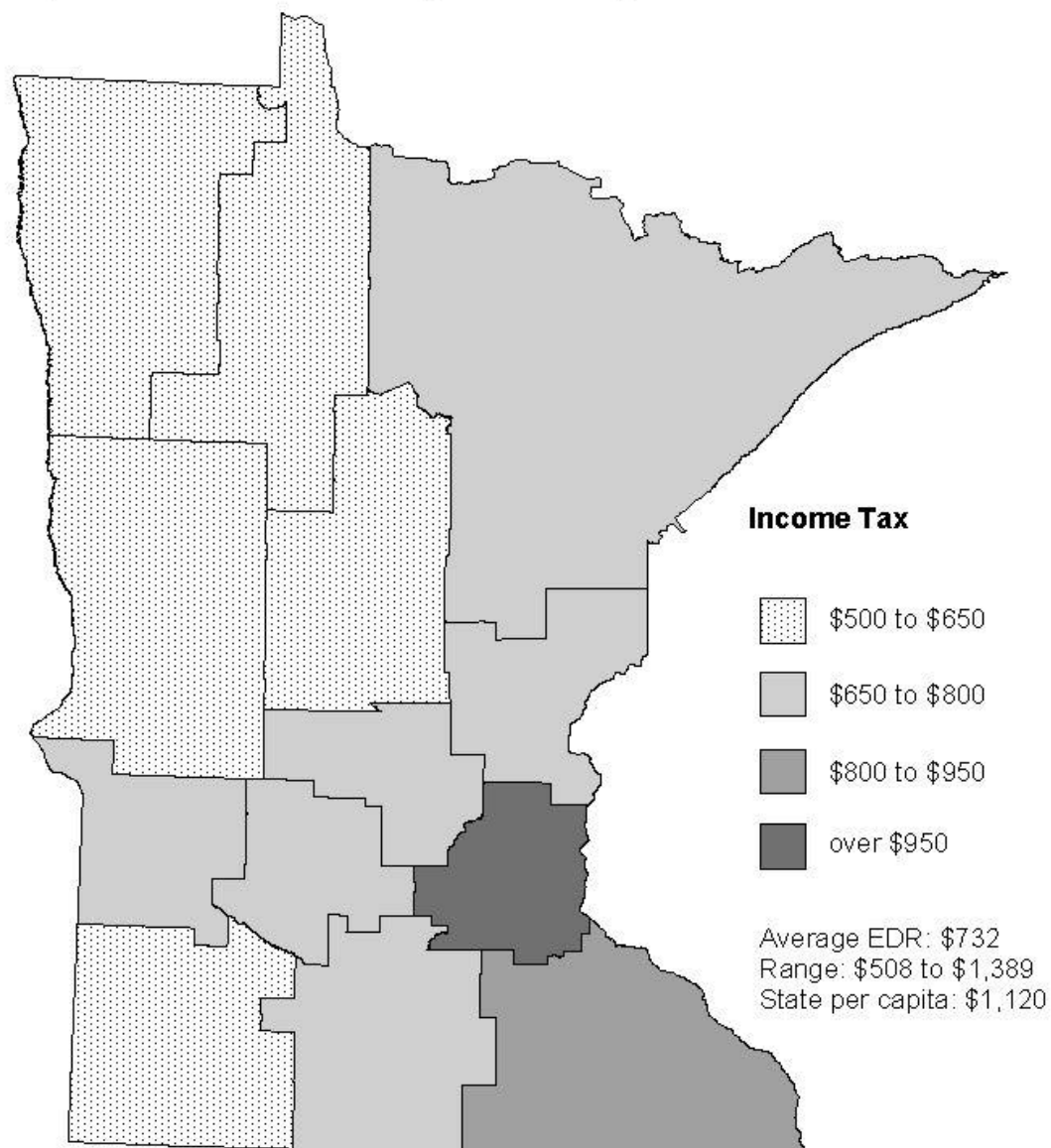
In 1998 Minnesota authorized a K-12 education expense credit of up to \$2,000 for families with incomes under \$33,500, and expanded the existing K-12 education expense deduction as well as extending it to nonitemizers.

In 1999 Minnesota reduced its income tax rates to 5.5 percent, 7.25 percent, and 8 percent, and in 2000 further reduced the rates to 5.35 percent, 7.05 percent, and 7.85 percent.

Individual Income Tax per capita, 1998 by County



Individual Income Tax per capita, 1998 by Economic Development Region



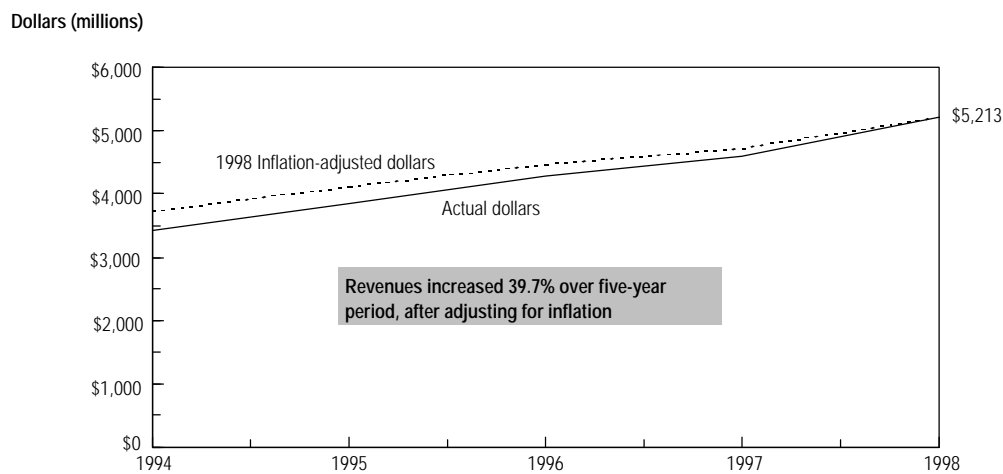
The Past Five Years of Individual Income Tax

The table below shows the distribution of individual income tax in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of individual income tax for that same period in current (actual) and constant (inflation-adjusted) dollars.

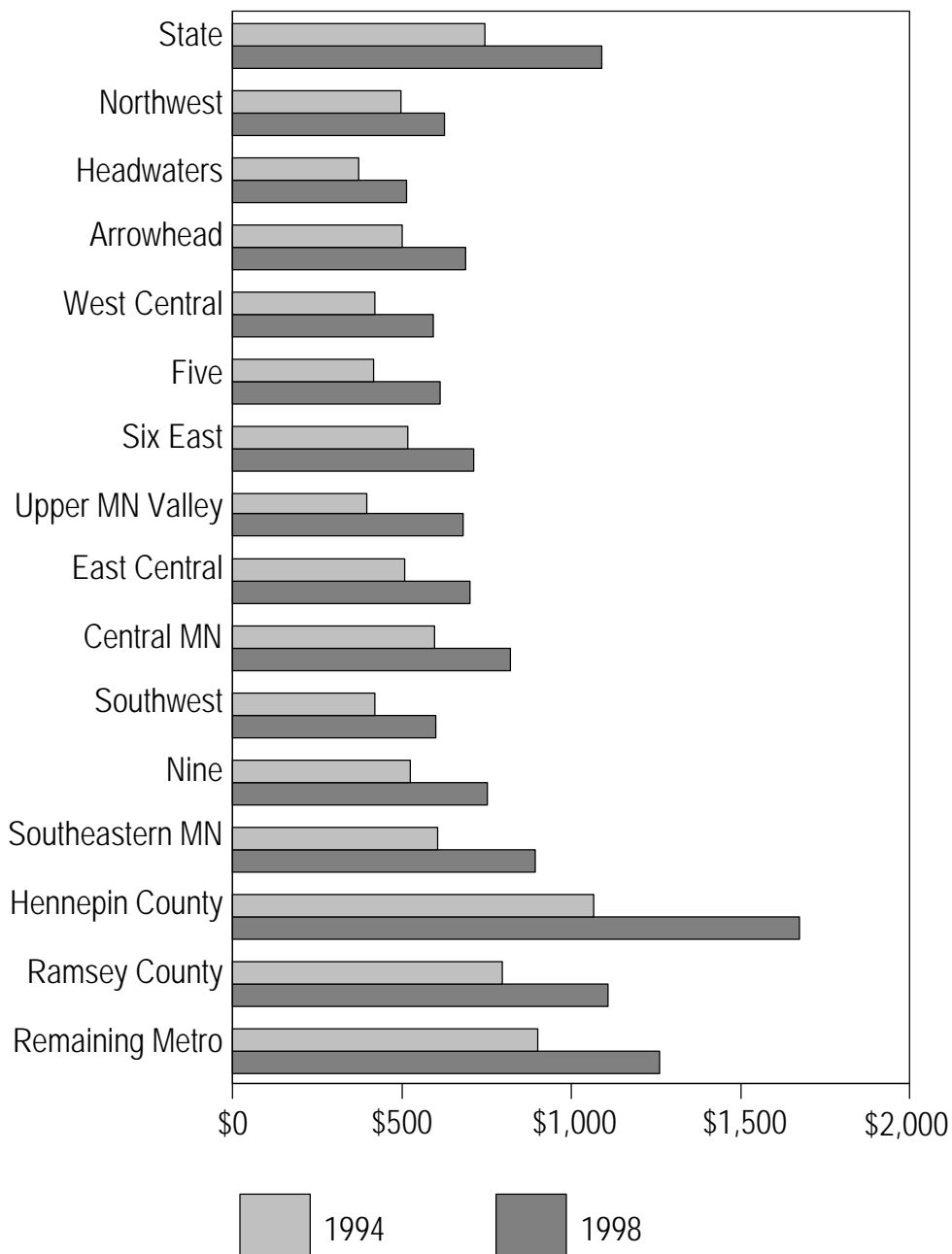
Individual Income Tax, Residents Only: 1994 to 1998

Current dollars, in thousands						
State	1994	1995	1996	1997	1998	5-Yr. Chg. Tax
State	\$3,410,838	\$3,857,043	\$4,287,447	\$4,598,144	\$5,213,111	53%
Northern Regions						
Northwest (1)	45,177	46,471	51,880	52,469	56,244	24
Headwaters (2)	25,918	27,164	29,903	33,529	37,599	45
Arrowhead (3)	158,139	171,728	187,738	202,297	220,473	39
West Central (4)	85,103	92,155	102,406	112,401	123,443	45
Five (5)	57,237	61,747	68,297	77,229	89,319	56
East Central (7E)	59,769	65,171	73,707	76,711	90,761	52
Southern Regions						
Six East (6E)	58,113	64,872	71,537	77,055	82,624	42
Upper MN Valley (6W)	19,869	22,408	24,827	28,748	34,621	74
Central MN (7W)	168,415	178,806	197,944	229,322	255,470	52
Southwest (8)	52,091	58,047	63,854	69,127	74,392	43
Nine (9)	114,849	124,893	138,046	153,234	167,858	46
Southeastern MN (10)	264,223	286,047	320,294	345,889	399,899	51
Total Nonmetro	\$1,108,901	\$1,318,387	\$1,330,436	\$1,458,011	\$1,632,704	47%
Metro Region						
Hennepin County	1,127,766	1,257,786	1,419,064	1,562,250	1,811,205	61
Ramsey County	392,351	425,107	504,393	504,933	551,811	41
Remaining Metro	781,820	855,762	1,033,554	1,072,950	1,217,391	56
Total Metro	\$2,301,937	\$2,538,656	\$2,957,011	\$3,140,133	\$3,580,407	56%

Statewide Income Tax



Per Capita Individual Income Tax 1994 and 1998



Sales/Use Tax

Program Description

Sales tax is imposed by the state on the gross receipts of all persons who sell, lease, or rent tangible personal property at retail or provide taxable services. The **use tax** complements the sales tax and is imposed at the same rate on the storage, use, or consumption in Minnesota of taxable, tangible personal property purchased from any retailer, unless the Minnesota sales tax was paid on the same property. Although the tax rate has changed over the years, it has been 6.5 percent since January 1, 1983. (See recent law changes on next page.)

Major exemptions include: food consumption off premises, clothing, prescribed drugs and medications, nonprescribed analgesics, gasoline and special fuels taxed under the motor fuels excise tax, publications issued at intervals of three months or less (except over-the-counter magazines), motor vehicles subject to the 6.5 percent motor vehicle excise tax, materials used or consumed in agricultural or industrial production, textbooks, residential heating fuels and water services, and capital equipment for new or expanding industries.

Tax Amount and Reporting

Calendar Year 1998 Sales/Use Tax: \$3.4 billion

A total of \$3,370,985,346 in sales/use taxes was collected during calendar year 1998. However, the net amount of sales/use tax after the reduction of all refunds (including capital equipment refunds of \$198.8 million) was \$3,172,234,108. The tax amounts contained in this report exclude any local sales taxes that cities impose (local sales taxes are primarily to support economic development and tourism). The amounts shown in the tables are net of the capital equipment refund.

For calendar year 1997, the Department of Revenue did not tabulate sales tax receipts by county.⁹ For purposes of this report, the statewide total 1997 amount shown in the historical table on page 90 was allocated to counties based on the distribution of sales tax by county in calendar year 1996. In addition, the 1997 statewide total amount contained in last year's report has been revised and the corrected amount is shown in the historical table on page 90.

Note: Sales tax is reported in the county where the purchases are made, resulting in higher amounts in counties with regional center (e.g., Twin Cities, Duluth, Rochester, etc.).

Sales/use tax data was obtained from the Department of Revenue.

⁹ The department shifted to a new sales tax system in 1997 and resumed tabulating by county in 1998.

Law Changes

The general rate has not changed since 1991. The tax rate was 3.0 percent in 1967 when it was enacted. The last change was the enactment of the “optional” local sales tax of $\frac{1}{4}$ percent in 1991. This “optional” tax was officially rolled into the state tax rate in 1994.

Period	Rate
August 1, 1967 – October 31, 1971	3.0%
November 1, 1971 – June 30, 1981	4.0%
July 1, 1981 – December 31, 1982	5.0%
January 1, 1983 – June 30, 1991	6.0%
July 1, 1991 – present	6.5%

Capital Equipment Refunds

The amount of sales/use tax allocated to Minnesota is adjusted for capital equipment refunds made to taxpayers. The total amount of capital equipment refunds (for 1998, it is \$198.8 million) is allocated to counties based on the ratio of each county’s mining and manufacturing payroll to the total statewide mining and manufacturing payroll. The data in the historical table and graph on page 90 have been adjusted to reflect refund claims made.

Amounts Not Allocated to Minnesota

A significant amount of sales/use taxes are collected from returns filed by out-of-state taxpayers. However, this amount is included in the overall state total of \$3.172 billion shown below. This amount was not allocated to Minnesota in this report since the taxpayer’s residence and/or place of business is unknown, and is not included in the five-year historical table on page 90.

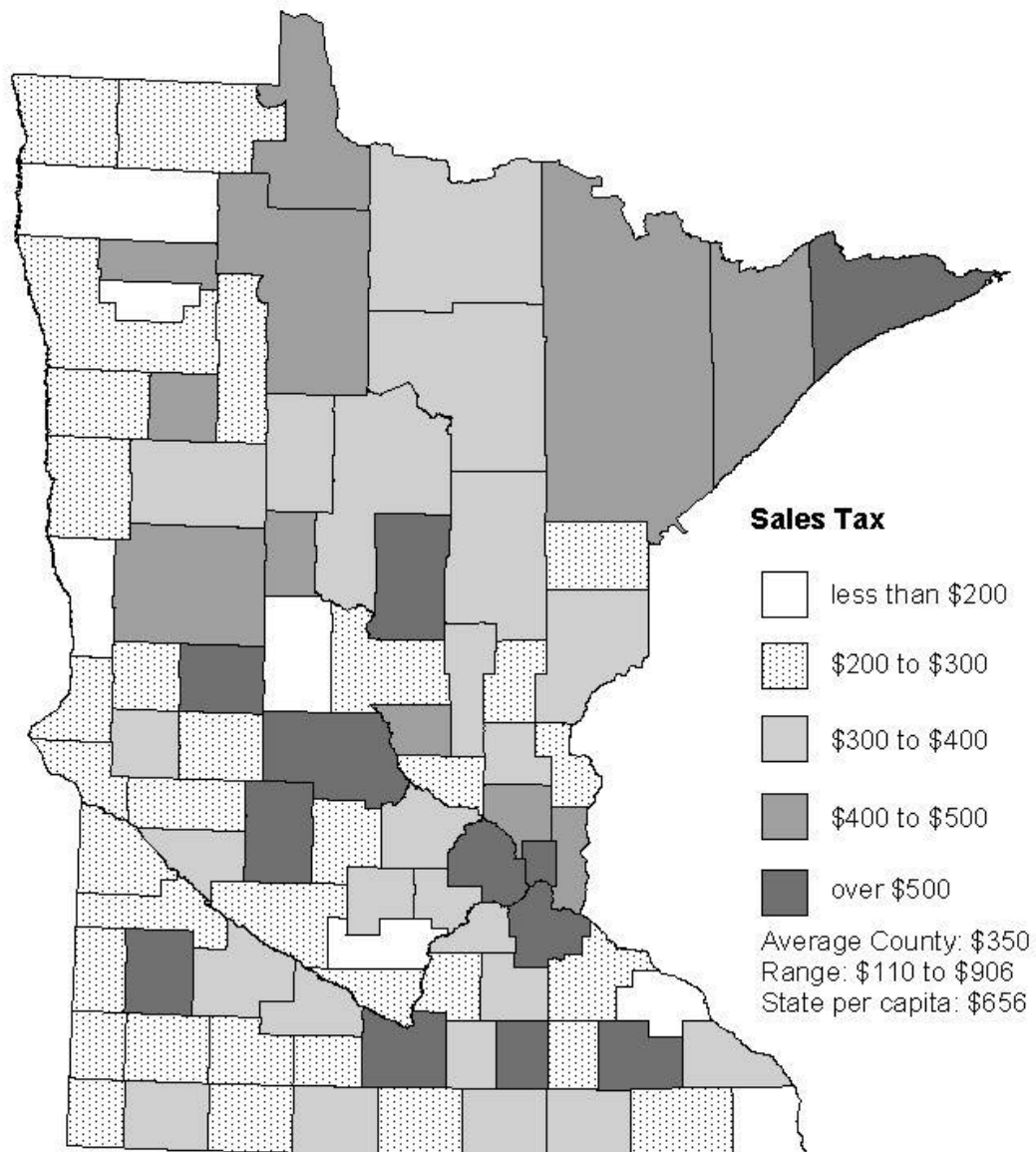
The amount not allocated to Minnesota has been increasing significantly both in terms of absolute dollars and its overall percentage. The table below lists the amounts and percentages for the past seven years.

Sales/Use Taxes (in thousands)
(after capital equipment refund)

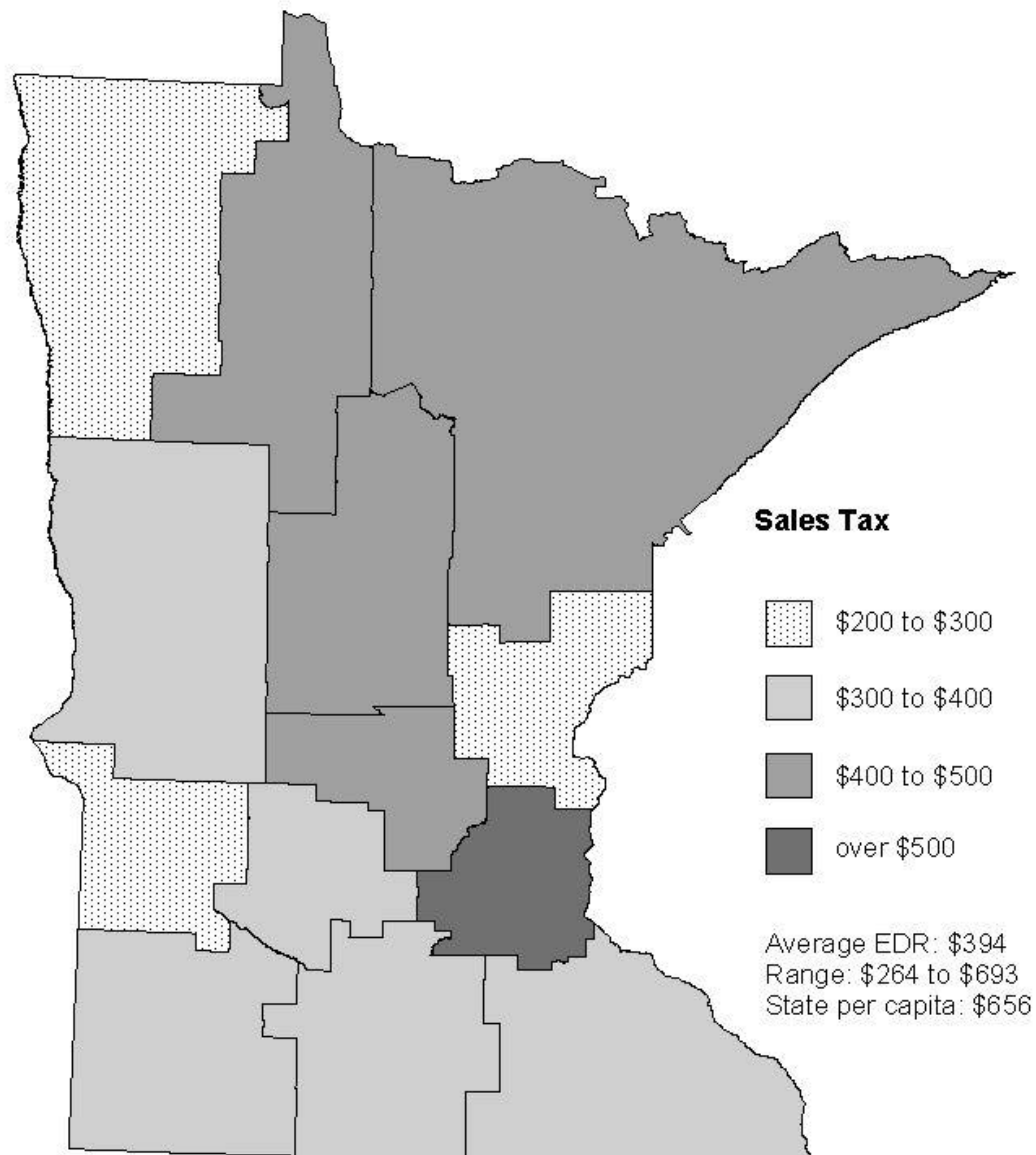
Year	Allocated to Minnesota		Not Allocated to Minnesota		Total
	Amount	Percent	Amount	Percent	
1992	\$2,012,144	90.8%	\$203,593	9.2%	\$2,215,737
1993	2,116,144	89.8	240,321	10.2	2,356,465
1994	2,257,025	87.2	330,616	12.8	2,587,641
1995	2,319,900	85.2	402,131	14.8	2,722,031
1996	2,444,200	87.1	361,238	12.9	2,805,438
1997 (est.)	2,578,178	87.0	386,485	13.0	2,964,663
1998	2,673,420	84.3	498,814	15.7	3,172,234

Most of these dollars are sales made by out-of-state businesses to Minnesota residents, which are reported on a single non-Minnesota return. As that amount grows, it becomes more and more of a concern that it should somehow be allocated to the various Minnesota counties. In 1998, non-Minnesota sales/use tax increased by 29 percent over the previous year's estimated amount, from \$386 million to \$499 million (see table on previous page).

Sales Tax per capita, 1998 by County



Sales Tax per capita, 1998 by Economic Development Region



The Past Five Years of Sales/Use Tax

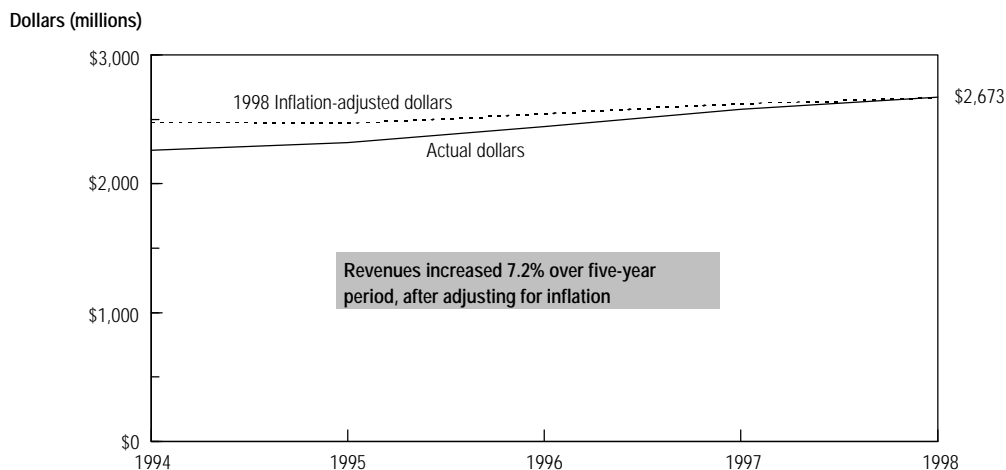
The table below shows the distribution of sales/use tax in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of sales/use tax for that same time period in current (actual) and constant (inflation-adjusted) dollars.

Sales/Use Tax, Residents Only: 1994 to 1998

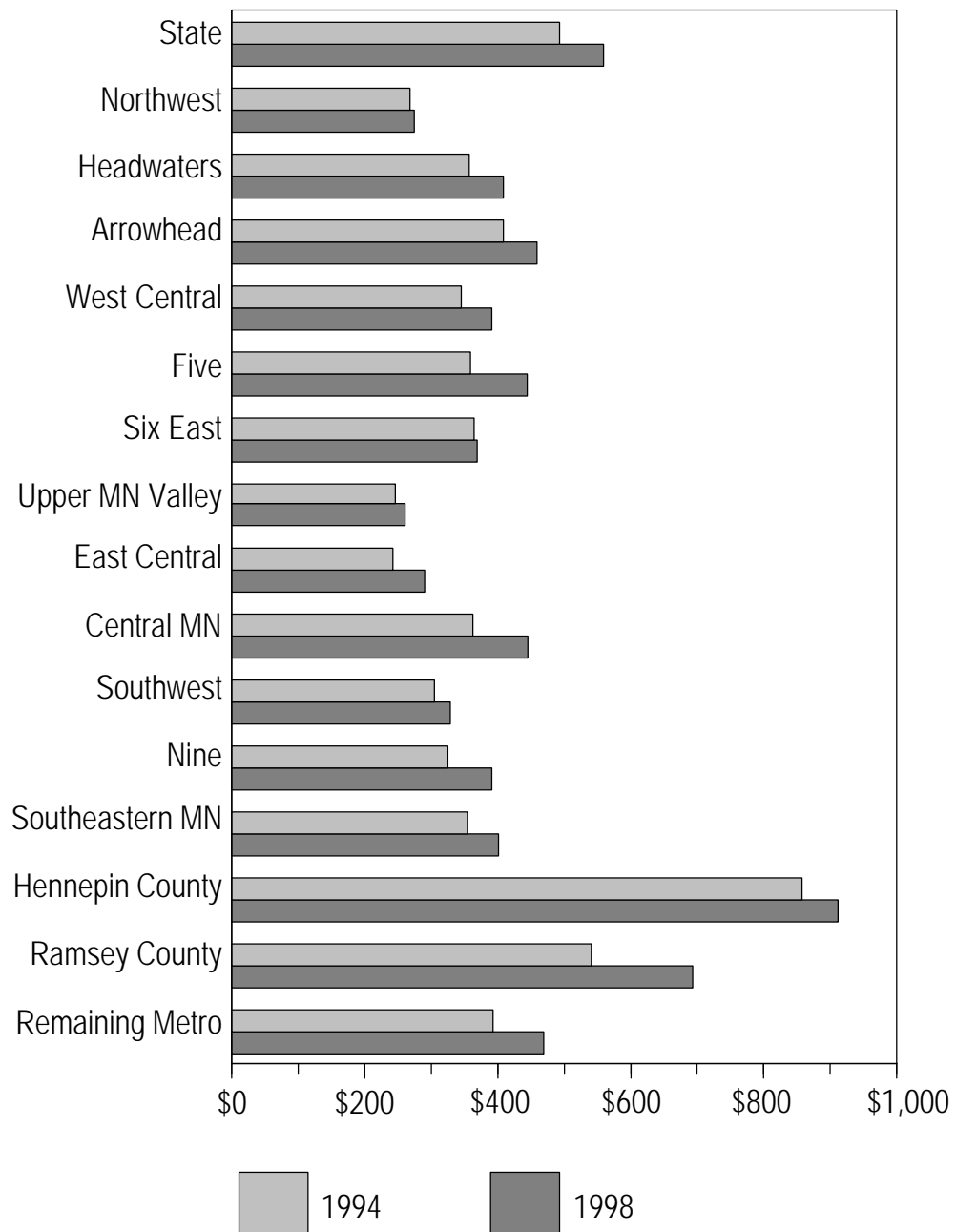
Current dollars, in thousands

State	1994	1995	1996	1997	1998	5-Yr. Chg. Tax
	\$2,257,025	\$2,319,900	\$2,444,200	\$2,578,178	\$2,673,420	18%
Northern Regions						
Northwest (1)	24,294	23,412	25,271	26,680	24,634	1
Headwaters (2)	24,807	27,902	27,342	29,146	29,809	20
Arrowhead (3)	128,542	133,541	140,033	148,180	146,891	14
West Central (4)	70,018	69,554	75,878	80,430	81,309	16
Five (5)	49,509	49,091	58,048	61,649	64,554	30
East Central (7E)	28,638	29,679	34,307	36,300	37,477	31
Southern Regions						
Six East (6E)	40,888	40,314	45,052	47,040	42,994	5
Upper MN Valley (6W)	12,364	11,940	13,212	13,930	13,265	7
Central MN (7W)	102,341	104,202	120,818	127,681	138,886	36
Southwest (8)	37,784	38,518	41,086	43,534	40,767	8
Nine (9)	71,305	69,847	79,514	83,926	87,381	23
Southeastern MN (10)	153,955	151,539	161,794	169,076	179,578	17
Total Nonmetro	\$744,445	\$749,537	\$822,355	\$867,573	\$887,546	19%
Metro Region						
Hennepin County	905,498	936,876	925,685	979,738	986,729	9
Ramsey County	266,317	273,973	312,005	326,304	345,661	30
Remaining Metro	340,766	359,515	384,155	404,564	453,484	33
Total Metro	\$1,512,581	\$1,570,363	\$1,621,844	\$1,710,605	\$1,785,874	18%

Statewide Sales/Use Tax



Per Capita Sales/Use Tax 1994 and 1998



Motor Vehicle Sales Tax

Program Description

The **motor vehicle sales tax** is imposed by the state on new and used motor vehicles at the time of sale and is imposed at the same rate as the sales tax on the sale price of motor vehicles, minus any trade-in allowance. (A flat fee of \$10 is imposed upon most motor vehicles that are ten or more years old in lieu of the motor vehicle sales tax.) Until fiscal year 1992, a portion of motor vehicle sales tax revenues was dedicated to highways and transit; that dedication was canceled for the 1992-1993 biennium. Effective July 1, 1991, all monies are deposited in the general fund.

Tax Amount and Reporting

Calendar Year 1998 Motor Vehicle Sales Tax: \$454.1 million

The total 1998 motor vehicle sales tax is \$454,073,915. The Department of Public Safety collects the motor vehicle sales tax. Due to the method of collection, the amount of actual tax liability from each county is not available. However, since the motor vehicle sales tax is an important revenue source for the state, an estimate was made on how much the taxpayers in each county paid.

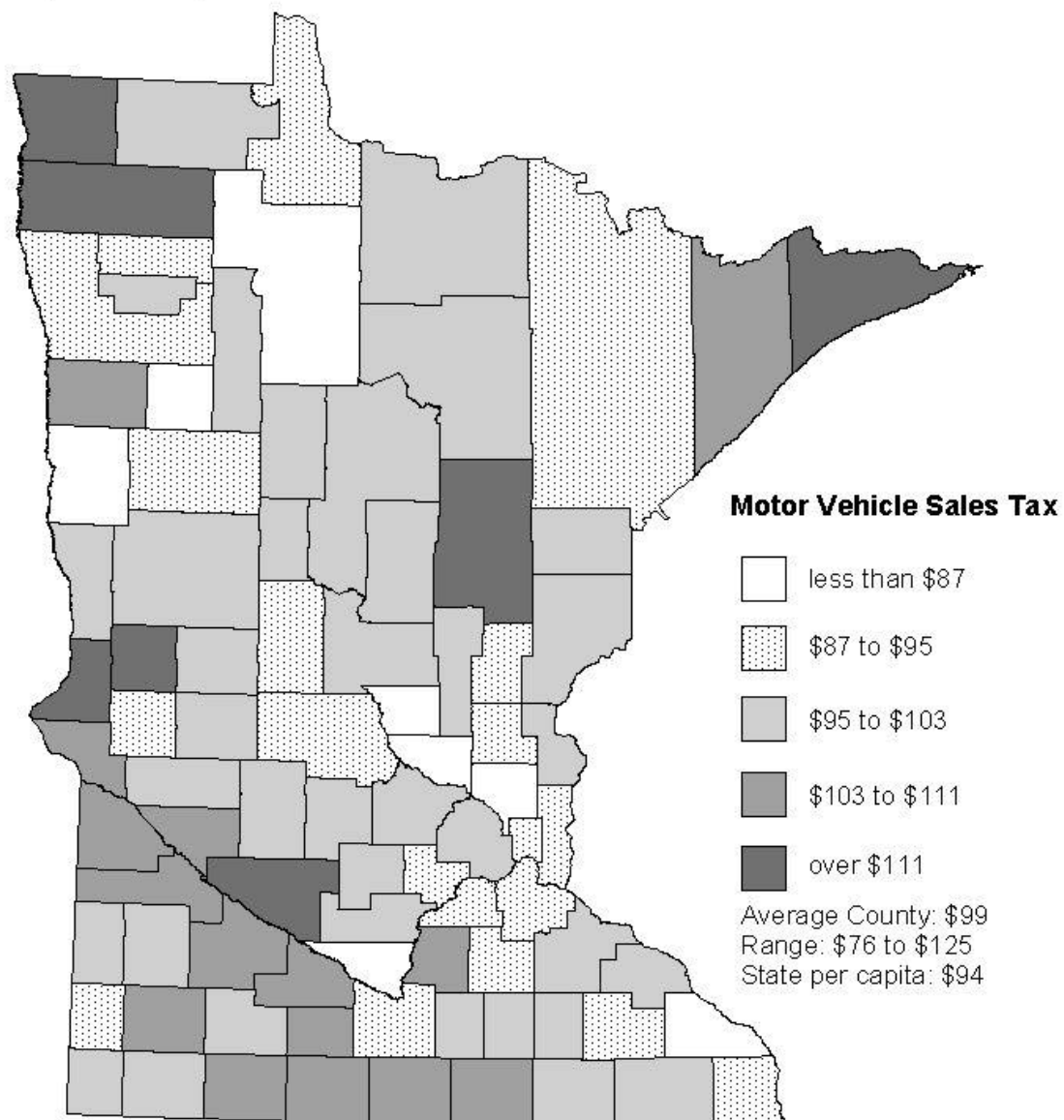
Two main factors were used in determining an estimated tax amount for each county. First, the number of passenger vehicles and pickup trucks registered in each county in 1998 was obtained from the Department of Public Safety. Registrations within each county are a good indicator of where the owners of the vehicles live. No weighting was attempted based upon the differences in the market value of the vehicles amount counties.

Secondly, the distribution of motor vehicle license tax by county as provided by the Department of Public Safety was used as a proxy for the value of vehicles purchased. This data first became available in 1999, previous years' distributions were used to adjust the figures in the historical table on page 96 so that it is internally consistent.

A percent distribution was made on each of the two factors (i.e., registrations and license tax) comparing each county to the state. The results of each distribution were then weighted equally to allocate the \$454.1 million tax revenue to the 87 counties.

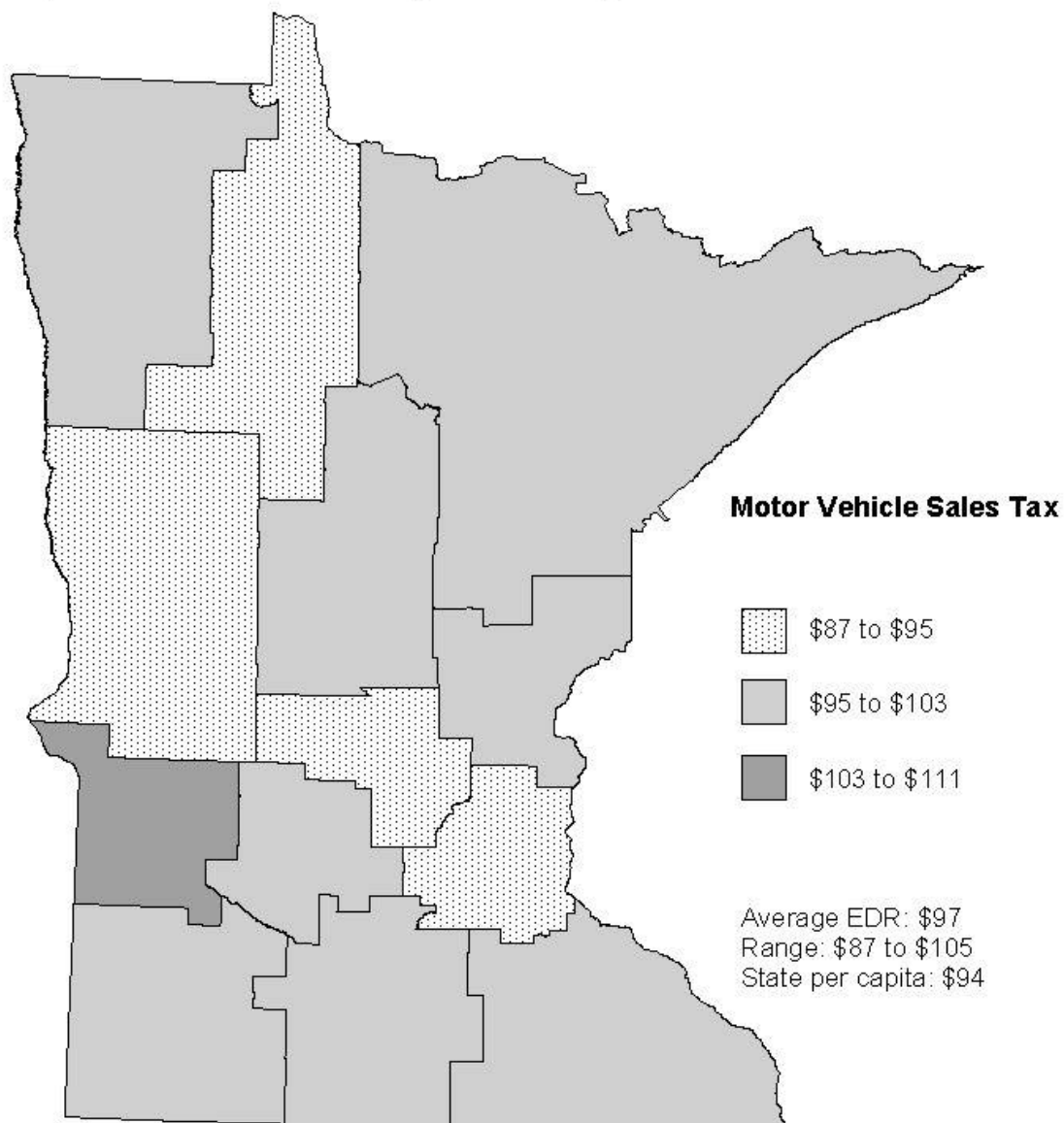
Motor vehicle sales tax data was obtained from the Department of Revenue.

Motor Vehicle Sales Tax per capita, 1998 by County*



* The proportion of the population that owns at least one motor vehicle varies from county to county. Although it may be more appropriate to display the information on a per vehicle basis, the data is not readily available at that level.

Motor Vehicle Sales Tax per capita, 1998 by Economic Development Region



The Past Five Years of the Motor Vehicle Sales Tax

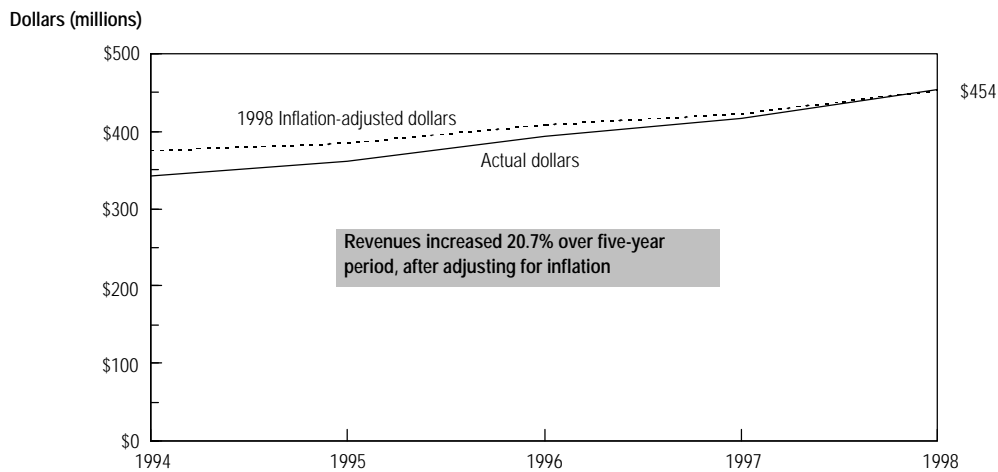
The table below shows the distributions of motor vehicle sales tax in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of motor vehicle excise tax for that same time period in current (actual) and constant (inflation-adjusted) dollars.

Motor Vehicle Sales Tax: 1994 to 1998

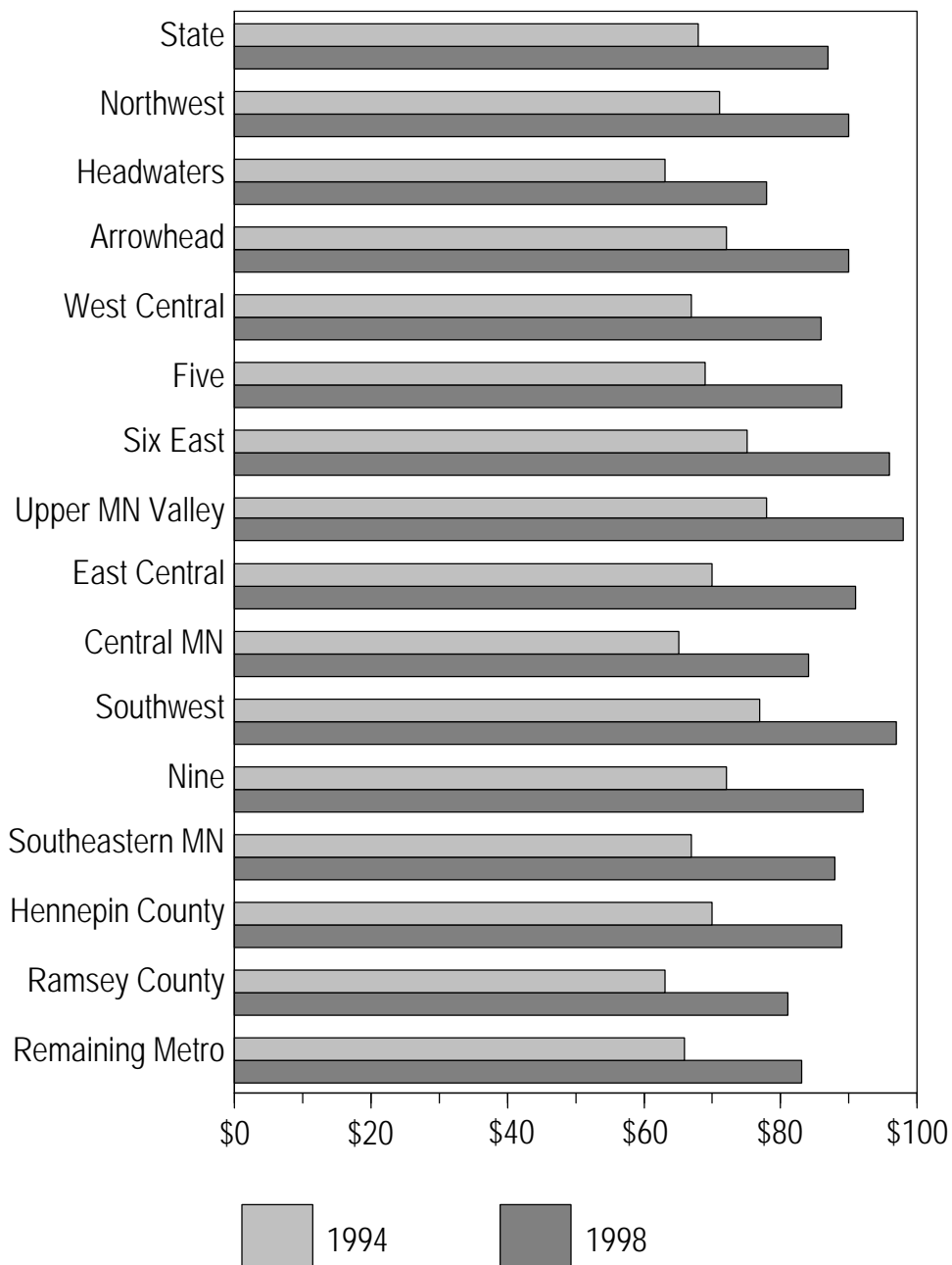
Current dollars, in thousands

State	1994	1995	1996	1997	1998	5-Yr. Chg. Tax
State	\$342,451	\$361,244	\$392,889	\$416,526	\$454,074	33%
Northern Regions						
Northwest (1)	6,990	7,402	7,635	8,070	8,858	27
Headwaters (2)	4,816	5,112	5,274	5,671	6,407	33
Arrowhead (3)	24,639	25,573	27,338	28,892	31,109	26
West Central (4)	14,997	15,831	16,880	17,875	19,635	31
Five (5)	10,542	11,375	12,037	12,908	14,525	38
East Central (7E)	9,150	9,871	10,788	11,828	13,122	43
Southern Regions						
Six East (6E)	9,174	9,665	10,608	11,160	11,855	29
Upper MN Valley (6W)	4,262	4,459	4,789	5,000	5,288	24
Central MN (7W)	20,492	21,919	24,472	26,214	29,053	42
Southwest (8)	10,351	10,765	11,601	12,051	12,616	22
Nine (9)	17,008	17,785	19,411	20,593	21,970	29
Southeastern MN (10)	33,083	34,771	36,563	39,515	43,342	31
Total Nonmetro	\$165,504	\$174,528	\$187,397	\$199,777	\$217,779	32%
Metro Region						
Hennepin County	79,797	84,010	91,977	96,500	104,592	31
Ramsey County	33,802	35,404	38,492	40,503	43,385	28
Remaining Metro	63,349	67,302	75,023	79,746	88,317	39
Total Metro	\$176,948	\$186,716	\$205,492	\$216,749	\$236,295	34%

Statewide Motor Vehicle Sales Tax



Per Capita Motor Vehicle Sales Tax 1994 and 1998



Motor Vehicle License Tax

Program Description

The **motor vehicle license tax** is imposed annually on each motor vehicle registered and licensed in Minnesota to use the public streets and highways. The tax on passenger cars, pickup trucks, and vans is equal to the total of (1) a \$10 flat tax, and (2) an additional tax of 1.25 percent of base value subject to minimum and maximum amounts based on the age of the vehicle. (See next page for recent law changes which were effective June 2000.)

The tax on trucks, tractors, and buses is based upon the type, weight, and age of the vehicle. A minimum tax applies to each type of vehicle. There is also a flat tax on motorcycles and mopeds. The tax is paid when the vehicle is first registered in Minnesota to use the public streets and then annually thereafter when it is re-registered.

Exemptions from the tax include: vehicles owned by governmental units, school buses, agricultural tractors and trailers, special mobile equipment, vehicles used solely for carrying construction camp equipment or attached machinery, fire apparatus, ambulances, and vehicles not operated on highways.

Tax Amount and Reporting

Calendar Year 1998 Motor Vehicle License Tax: \$517.9 million

The total motor vehicle license registration tax for calendar year 1998 was \$517,939,087. The tax is collected by the Department of Public Safety. The amount of actual tax liability from each county is not available. The statewide total was allocated to counties based on estimates of the amount actually remitted by each county prepared by the Department of Public Safety. The previous four years' data have been adjusted on past years' Department of Public Safety estimates, so that the data in the historical table and graph on page 102 are consistent.

Revenue from this tax, like revenue from the motor fuels tax, is deposited in the Highway User Tax Distribution Fund. (See page 105 for description of the allocation of the Highway User Tax Distribution Fund.)

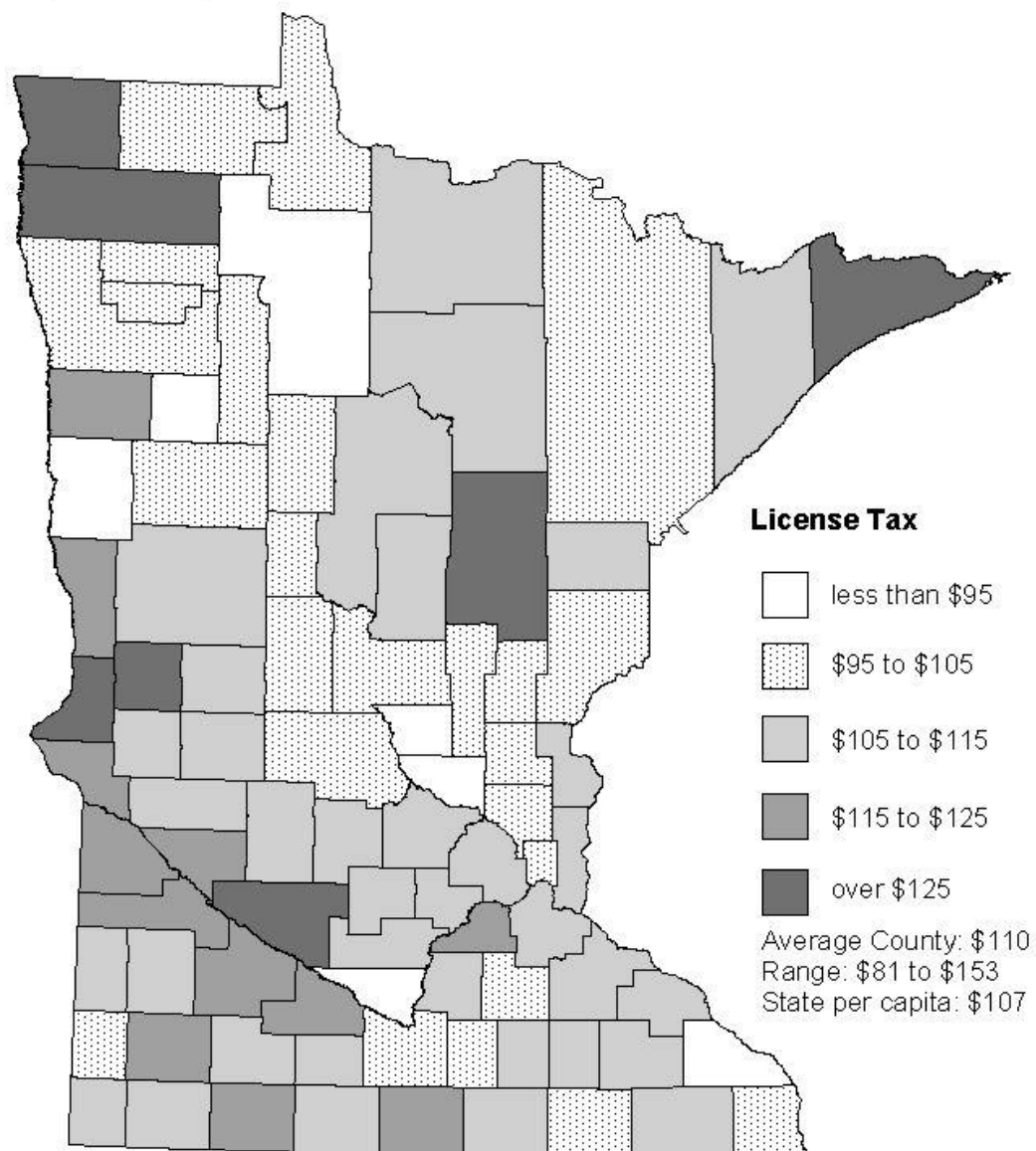
The statewide motor vehicle license tax amount was obtained from the Department of Revenue.

Recent Law Changes

The 2000 Legislature enacted a change to decrease the motor vehicle license tax beginning in June 2000. This reduction was estimated to cost \$147.4 million in fiscal year 2001. The table below summarizes the changes.

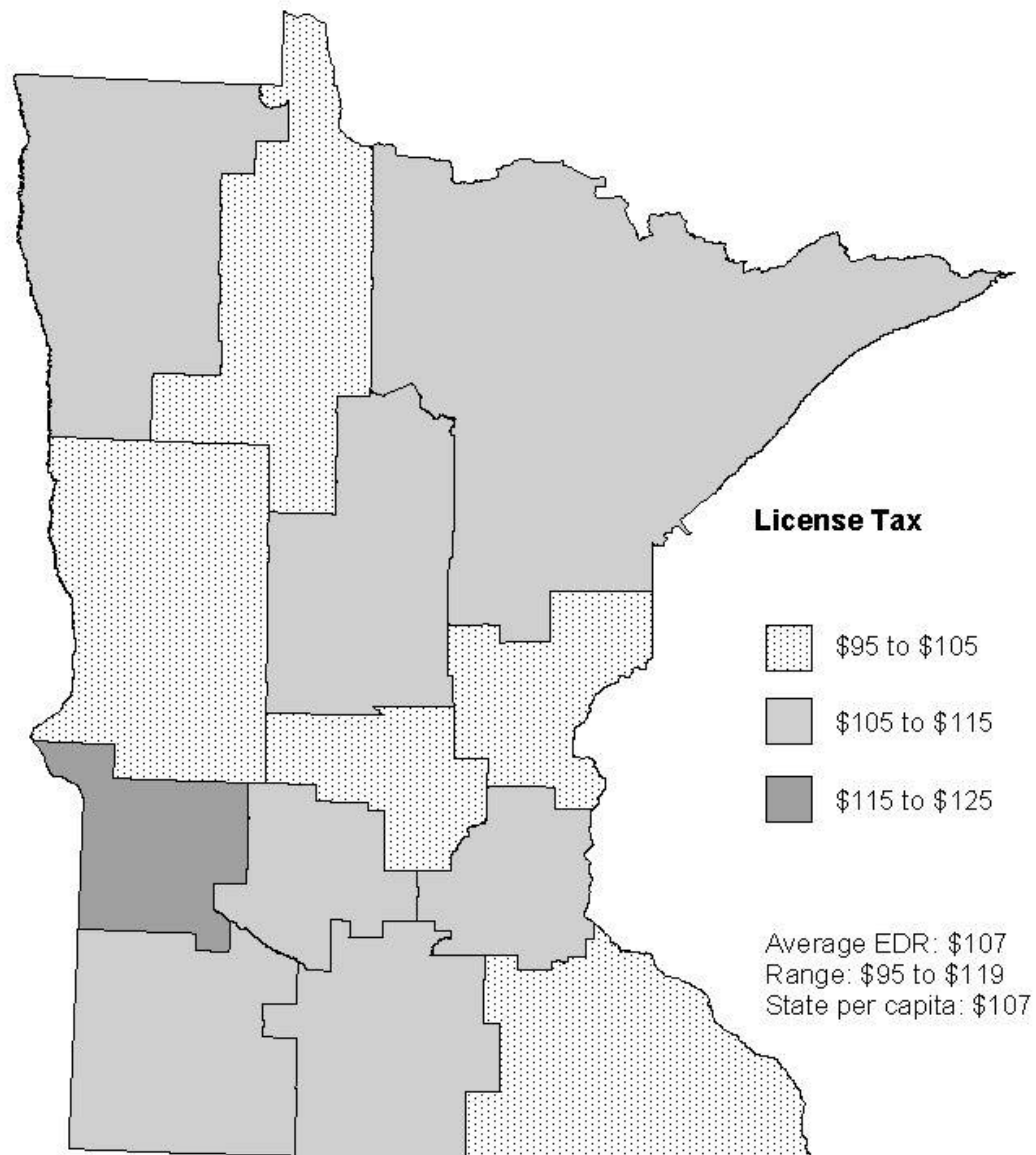
Year of vehicle life	Flat tax	Plus	Total tax not to exceed
1	\$10	1.25% of base value	\$10 + 1.25% of total value
2	\$10	1.25% of base value	\$189
3-10	\$10	1.25% of base value	\$99
11 and up	\$10	\$25	\$35

Motor Vehicle License Tax per capita, 1998 by County*



* The proportion of the population that owns at least one motor vehicle varies from county to county. Although it may be more appropriate to display the information on a per vehicle basis, the data is not readily available at that level.

Motor Vehicle License Tax per capita, 1998 by Economic Development Region



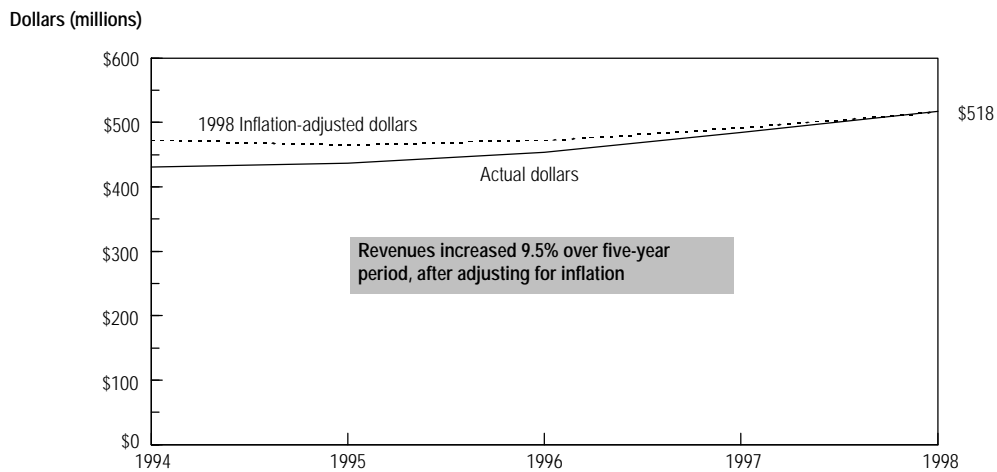
The Past Five Years of the Motor Vehicle License Tax

The table below shows the distribution of the motor vehicle license tax in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of the motor vehicle license tax for that same time period in current (actual) and constant (inflation-adjusted) dollars.

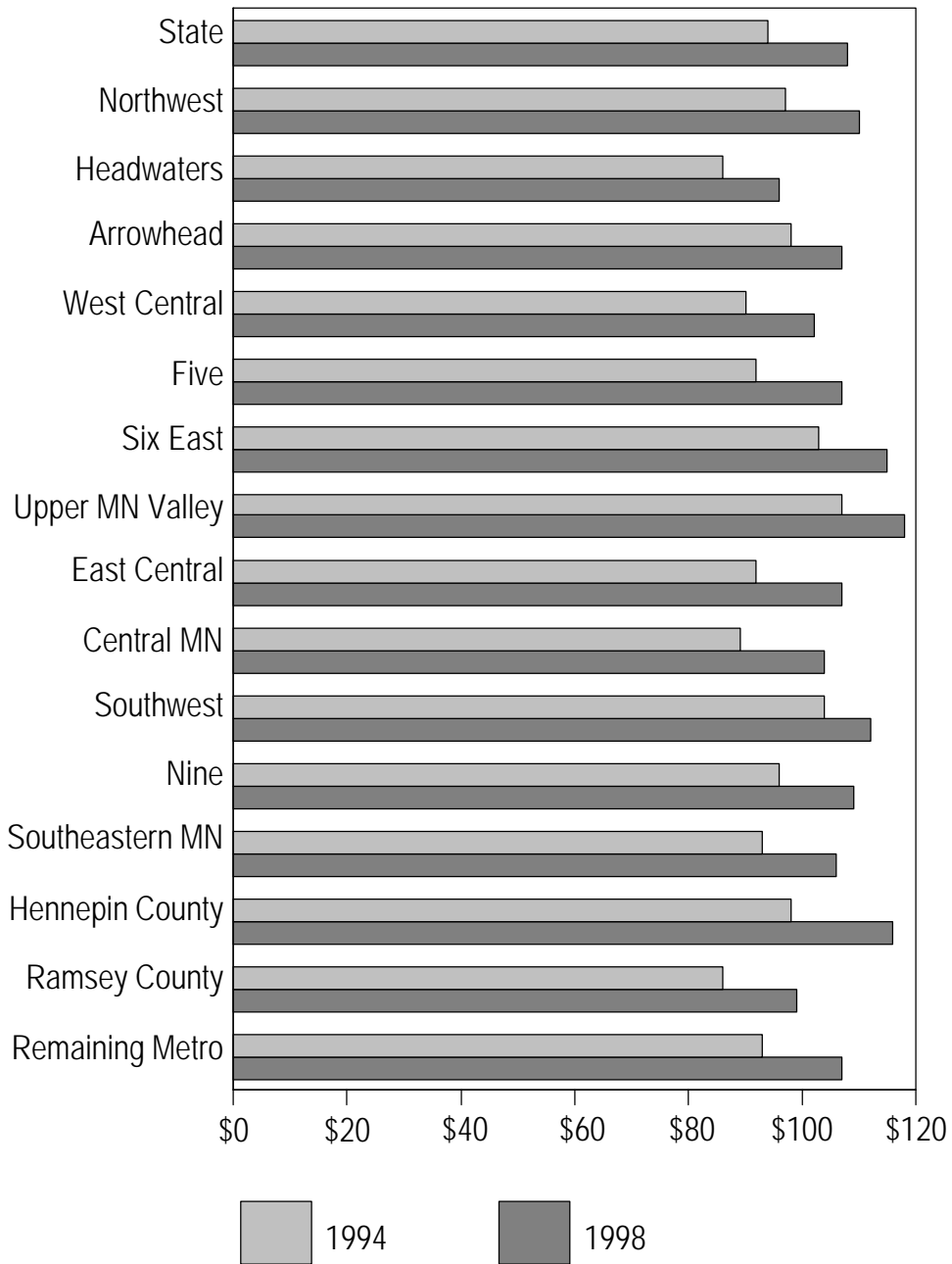
Motor Vehicle License Tax: 1994 to 1998

Current dollars, in thousands						
State	1994	1995	1996	1997	1998	5-Yr. Chg. Tax
	\$430,306	\$437,207	\$454,054	\$485,117	\$517,939	20%
Northern Regions						
Northwest (1)	8,791	8,875	8,781	9,299	9,859	12
Headwaters (2)	5,957	6,041	5,951	6,416	7,007	18
Arrowhead (3)	30,744	30,568	30,909	32,642	34,261	11
West Central (4)	18,191	18,417	18,792	19,999	21,316	17
Five (5)	12,651	13,100	13,246	14,217	15,645	24
East Central (7E)	10,794	11,156	11,623	12,748	13,908	29
Southern Regions						
Six East (6E)	11,528	11,690	12,216	12,979	13,403	16
Upper MN Valley (6W)	5,373	5,408	5,538	5,819	5,990	11
Central MN (7W)	24,993	25,686	27,382	29,536	32,286	29
Southwest (8)	12,834	12,842	13,157	13,721	13,954	9
Nine (9)	21,070	21,145	21,945	23,369	24,396	16
Southeastern MN (10)	40,343	40,723	40,818	44,194	47,517	18
Total Nonmetro	\$203,268	\$205,652	\$210,359	\$224,938	\$239,542	18%
Metro Region						
Hennepin County	104,072	106,066	111,353	117,636	125,537	21
Ramsey County	42,316	42,789	44,230	47,156	49,508	17
Remaining Metro	80,650	82,701	88,112	95,387	103,352	28
Total Metro	\$227,038	\$231,556	\$243,695	\$260,179	\$278,397	23%

Statewide Motor Vehicle License Tax



Per Capita Motor Vehicle License Tax 1994 and 1998



Motor Fuels Tax (Gas Tax)

Program Description

The **motor fuels tax** is imposed on gasoline, diesel fuel, and other motor fuels used by vehicles on public highways. Aviation fuel purchased, stored, or withdrawn from storage in Minnesota is also subject to the tax. Highway motor fuels are taxed at a rate of 20 cents per gallon.¹⁰

Aviation fuels are subject to a graduated, declining tax rate from 5 cents per gallon based on the number of gallons used during the calendar year.¹¹

Tax Amount and Reporting

Calendar Year 1998 Motor Fuels Tax: \$550.3 million

The total net amount after refunds of the motor fuels tax for calendar year 1998 was \$550,281,388. This is the net amount after the distribution to the snowmobile, motorboat, forest roads, and all-terrain vehicles (ATV) accounts.

The motor fuels tax goes into the Highway User Tax Distribution Fund and is dedicated for highway use. The Minnesota Constitution sets the distribution formula for 95 percent of the money in the fund: 29 percent to the county state-aid highway fund, 9 percent to the municipal state-aid street fund for cities over 5,000 population, and 62 percent to the state trunk highway fund. The remaining 5 percent of the fund is allocated by law rather than by constitutional provision. Presently about 46 percent of this 5 percent set-aside goes for town roads and town bridges. The rest goes into a “flexible fund” that goes mainly to pay for improvements to former state highways that have reverted to local jurisdiction.

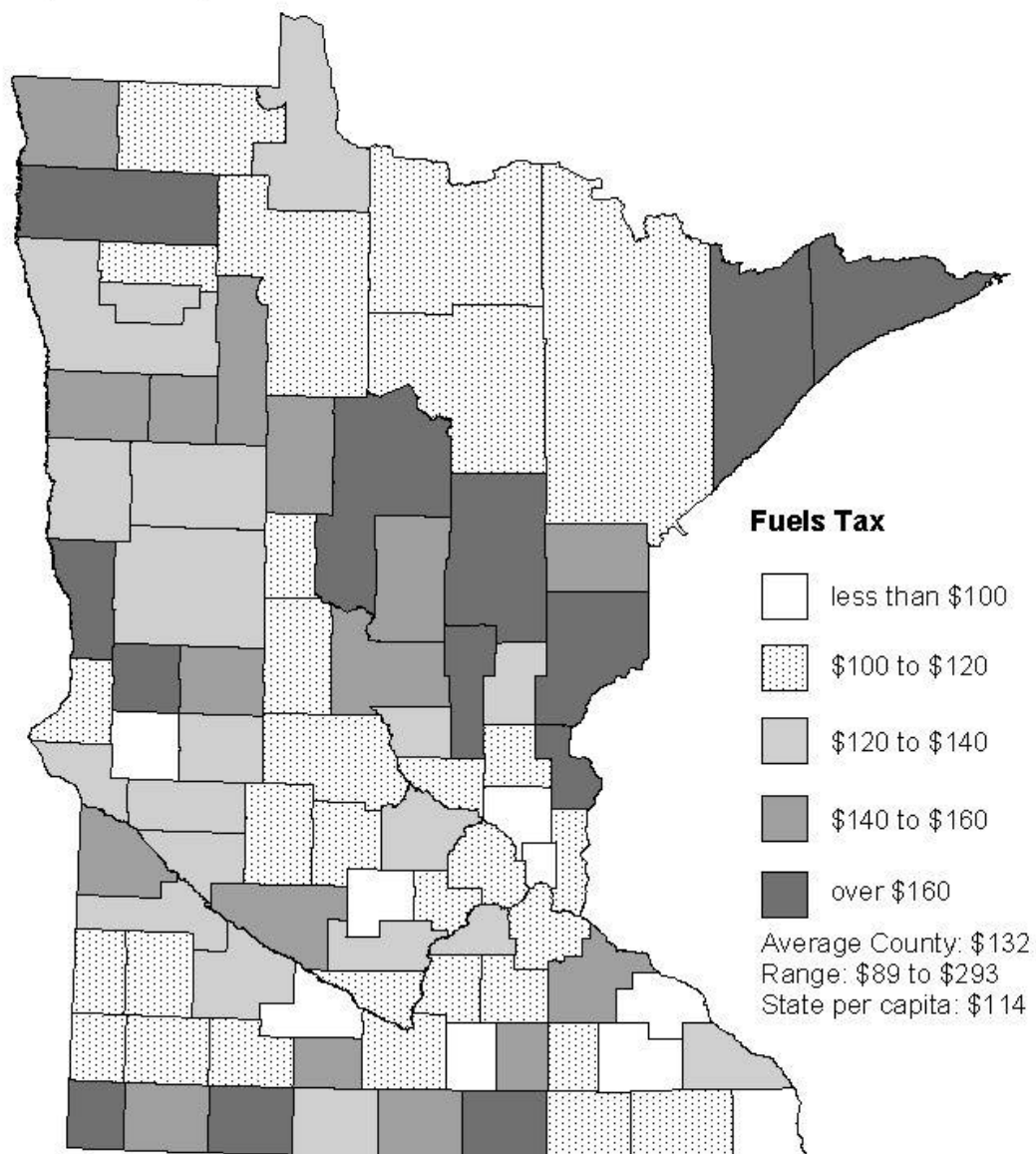
The highway aids listed in the tables estimate how much each area received from the above distribution. Like both the motor vehicle excise tax and the motor vehicle license tax, the amount of motor fuels tax paid by taxpayers in each county is unknown. For purposes of this report, an estimate was made for each county based upon the total number of vehicle miles traveled in each county in 1998 as a proportion of the total vehicle miles traveled with the state in 1998.

The statewide motor fuels tax amount was obtained from the Department of Revenue.

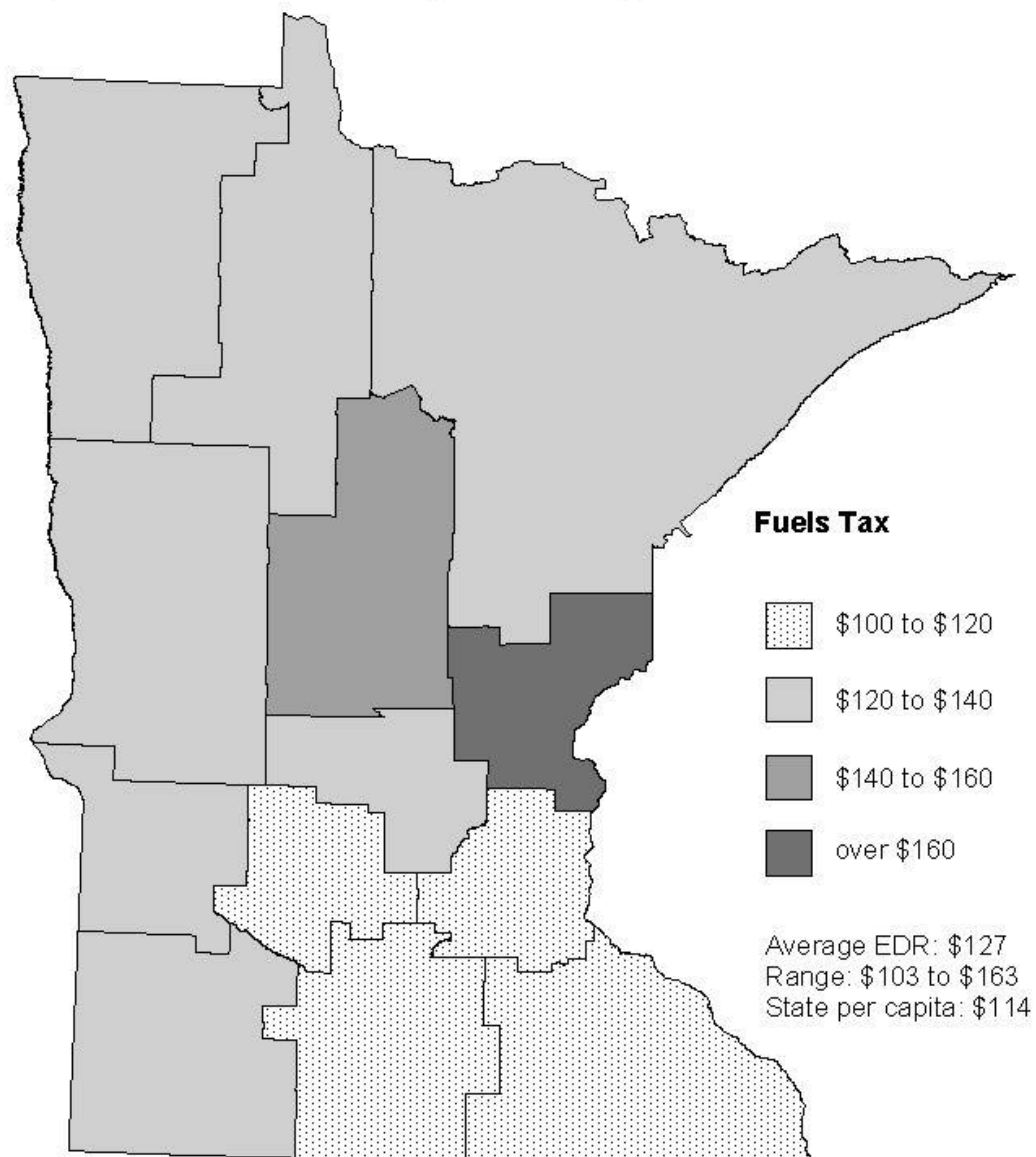
¹⁰ Alternative fuels such as liquefied natural gas and high-alcohol gasoline are taxed at rates proportional to relative energy content.

¹¹ Exemptions: Motor fuels used by public transit systems receiving state financial assistance are exempt. Until October 1, 1997, ethanol-gasoline blends receive a tax credit of 5 cents for each gallon of ethanol.

Motor Vehicle Fuels Tax per capita, 1998 by County



Motor Vehicle Fuels Tax per capita, 1998 by Economic Development Region



The Past Five Years of the Motor Vehicle Fuels Tax

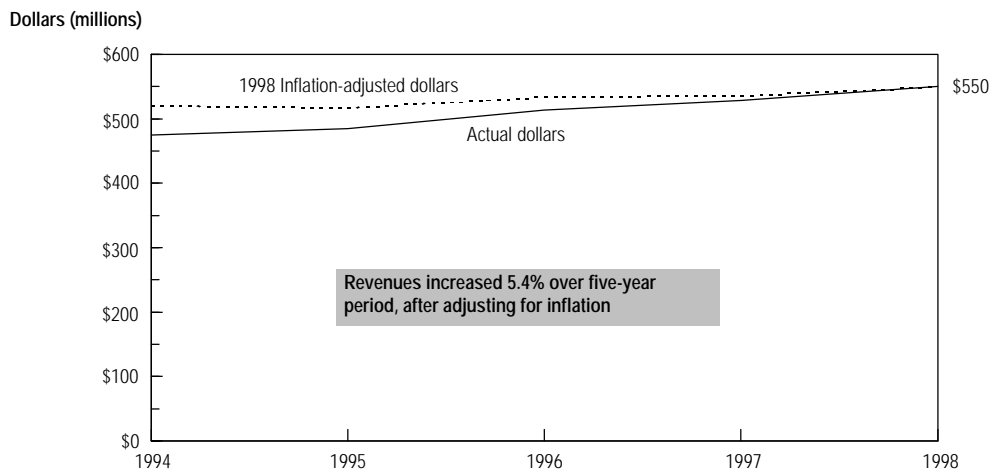
The table shows the distribution of the motor vehicle fuels tax in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of the motor vehicle fuels tax for that same time period in current (actual) and constant (inflation-adjusted) dollars.

Motor Vehicle Fuels Tax: 1994 to 1998

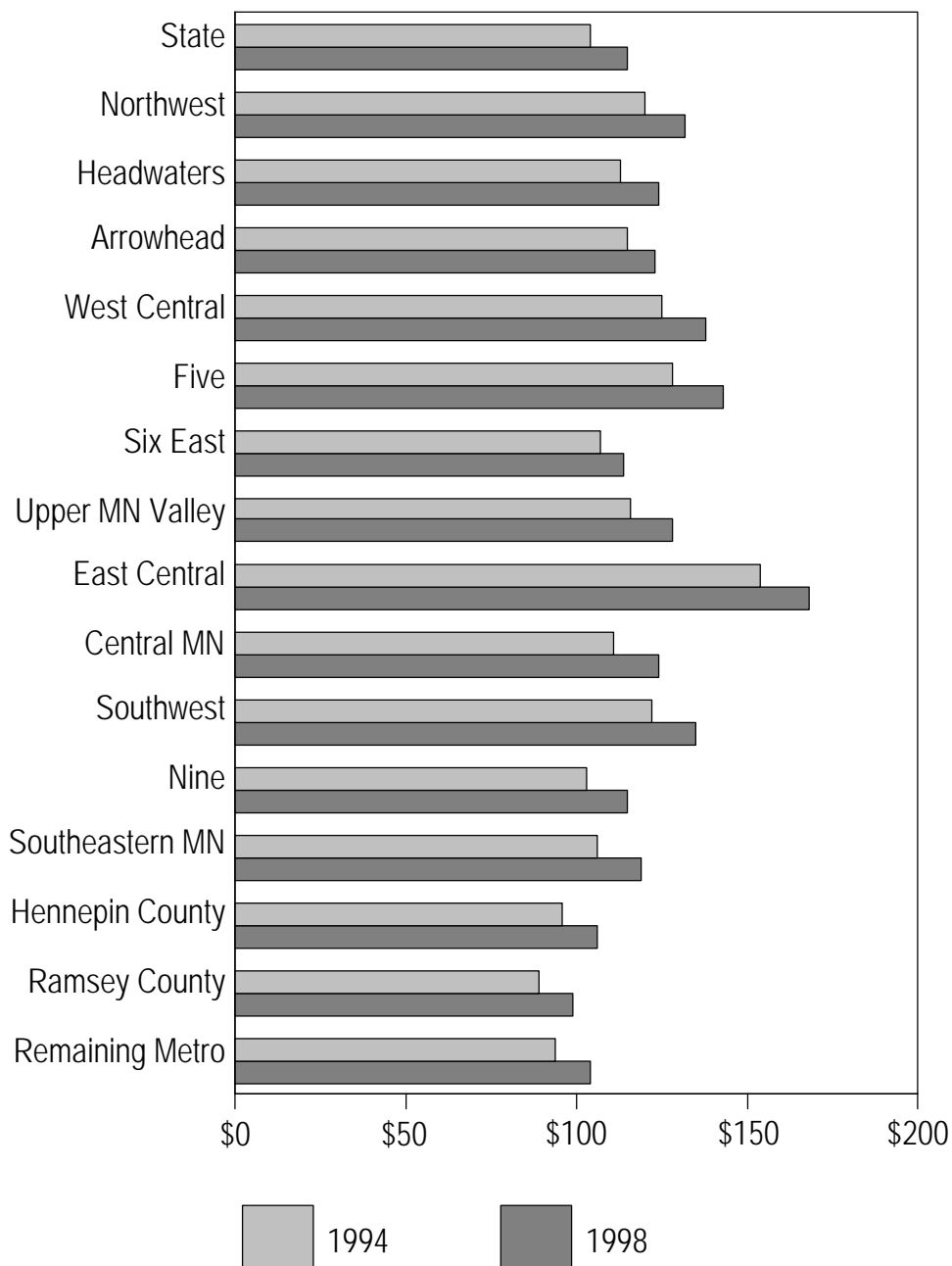
Current dollars, in thousands

State	1994	1995	1996	1997	1998	5-Yr. Chg. Tax
	\$475,083	\$485,299	\$513,277	\$528,355	\$550,281	16%
Northern Regions						
Northwest (1)	10,830	10,992	11,193	11,526	11,820	9
Headwaters (2)	7,839	8,245	8,402	8,643	9,048	15
Arrowhead (3)	36,150	36,298	38,316	39,654	39,389	9
West Central (4)	25,194	25,483	27,414	28,270	28,660	14
Five (5)	17,676	17,748	18,711	19,272	20,822	18
East Central (7E)	18,087	18,288	20,121	20,817	21,705	20
Southern Regions						
Six East (6E)	12,014	12,167	12,570	12,951	13,243	10
Upper MN Valley (6W)	5,847	5,854	6,383	6,576	6,511	11
Central MN (7W)	31,193	32,173	34,333	35,795	38,612	24
Southwest (8)	15,099	15,267	16,210	16,686	16,708	11
Nine (9)	22,600	22,838	24,410	25,512	25,705	14
Southeastern MN (10)	46,306	47,114	49,703	51,363	53,285	15
Total Nonmetro	\$248,835	\$252,468	\$267,767	\$277,065	\$285,508	15%
Metro Region						
Hennepin County	101,173	103,288	107,546	111,229	115,156	14
Ramsey County	43,814	44,213	46,957	47,885	49,227	12
Remaining Metro	81,260	85,331	91,007	92,176	100,391	24
Total Metro	\$226,247	\$232,831	\$245,510	\$251,290	\$264,774	17%

Statewide Motor Vehicle Fuels Tax



Per Capita Motor Vehicle Fuels Tax 1994 and 1998



Corporate Franchise (Income) Tax

Program Description

Corporate franchise (income) tax (usually referred to as the corporate income tax) is imposed on the net income of corporations. The rate of the tax is 9.8 percent. The tax base is federal taxable income with a variety of Minnesota adjustments. Corporations that do business both inside and outside of Minnesota apportion their income using a three-factor formula based on the share of the corporation's total property, payroll, and sales that are in Minnesota. The formula weights sales 70 percent and property and payroll 15 percent each.

An alternative minimum tax applies to federal alternative minimum taxable income, if it would result in a higher tax than the regular corporate franchise tax. The rate of tax is 5.8 percent. In addition, a minimum fee is imposed on larger corporations, including S corporations, and partnerships, if this fee is higher than the regular or alternative minimum tax. The minimum fee ranges from \$100 to \$5,000, depending upon the corporation's sales, property, and payroll in Minnesota.

Tax Amount and Reporting

1998 Corporate Income Tax: \$663.5 million

The corporation statistics presented in this report were tabulated from all current-year Minnesota corporation income tax returns filed during the calendar year ending December 31, 1998. (Primarily 1997 returns were filed in calendar year 1998.) The total statewide corporate tax amount of \$663,465,131 includes income taxes collected from corporations whose main offices are in other states and foreign countries. It does not include minimum fees paid by S corporations.

Last year's report showed a total corporate income tax of \$587.1 million for returns filed in 1998. Due to the transition to a more modern system of processing corporate returns, the Department of Revenue has subsequently identified an additional \$76 million in liability for corporate returns filed in 1998. This year's report contains the updated total for 1998. The department does not yet have a statewide total for returns filed in 1999, so the revised 1998 amount of \$663.5 million is used as the latest available.

The corporate income tax data was obtained from the Department of Revenue's processing file. The location of each corporation's home office is not available on that file. Instead each county's total annual payroll, tabulated by the County Business Patterns (CBP), was used as an indicator of where the corporate tax was paid. (Government employment is excluded from the CBP data.) This method allowed allocation of the entire \$663 million of corporate tax liability rather than only that incurred by corporations headquartered in Minnesota. Since about one-third of the corporate tax liability is from these out-of-state corporations, this methodology allocates those corporate taxes to the counties.

In addition to the total dollar amount of corporate tax shown by region and by county in Sections 2 to 4 of the report, the tables below summarize statewide data by unitary/nonunitary (Table A) and by type of corporation/return (Table B).

Table A

By Unitary/Nonunitary Returns¹²

Returns Filed in 1998	# of Returns	% of Total	Tax Liability	% of Total	Average Tax
Unitary Returns	10,547	19.5%	\$491,360,598	74.1%	\$46,588
Nonunitary Returns	<u>43,513</u>	<u>80.5</u>	<u>172,104,533</u>	<u>25.9</u>	<u>3,955</u>
Total	54,060	100.0%	\$663,465,131	100.0%	\$12,273

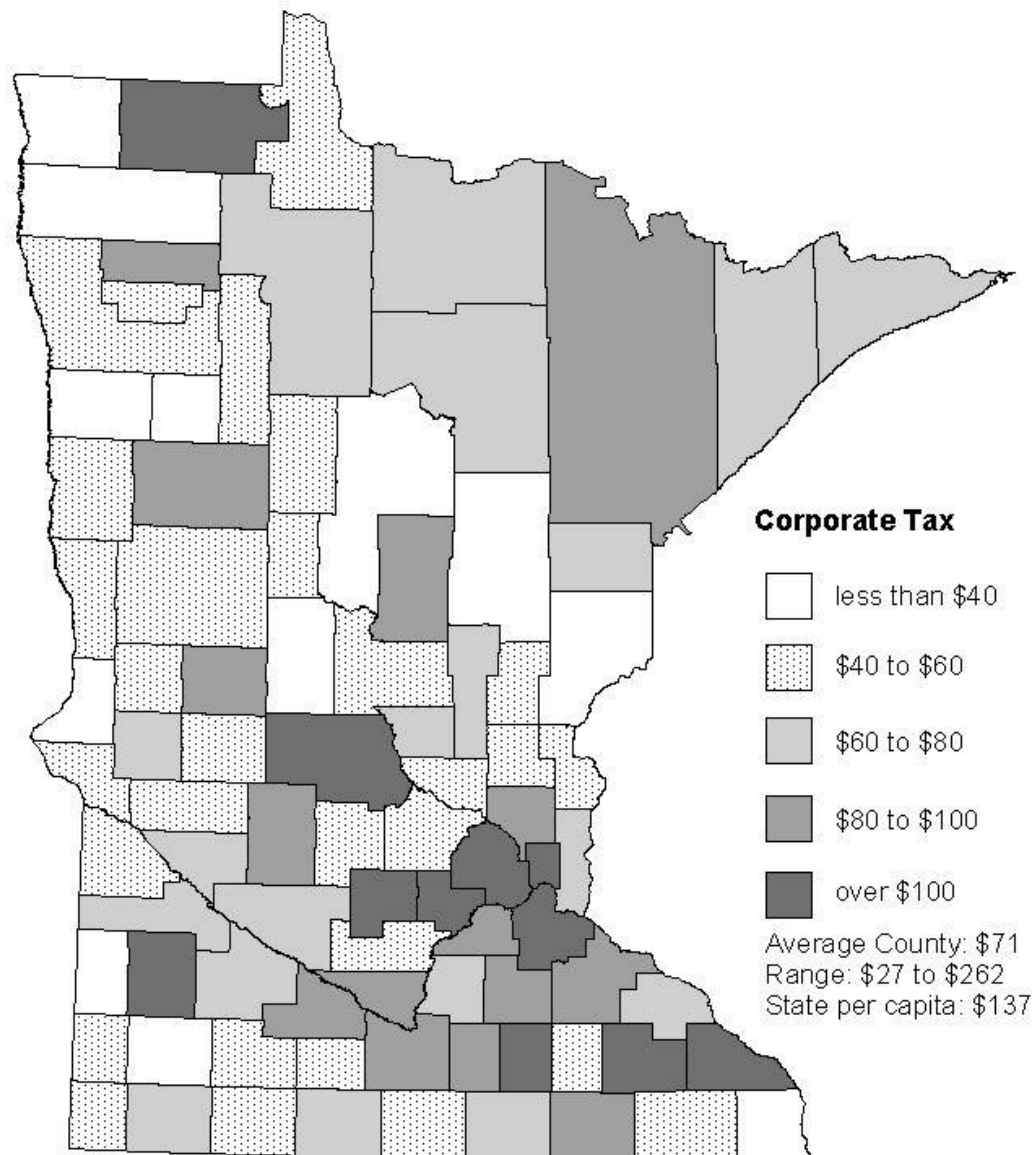
Table B

By Type of Return

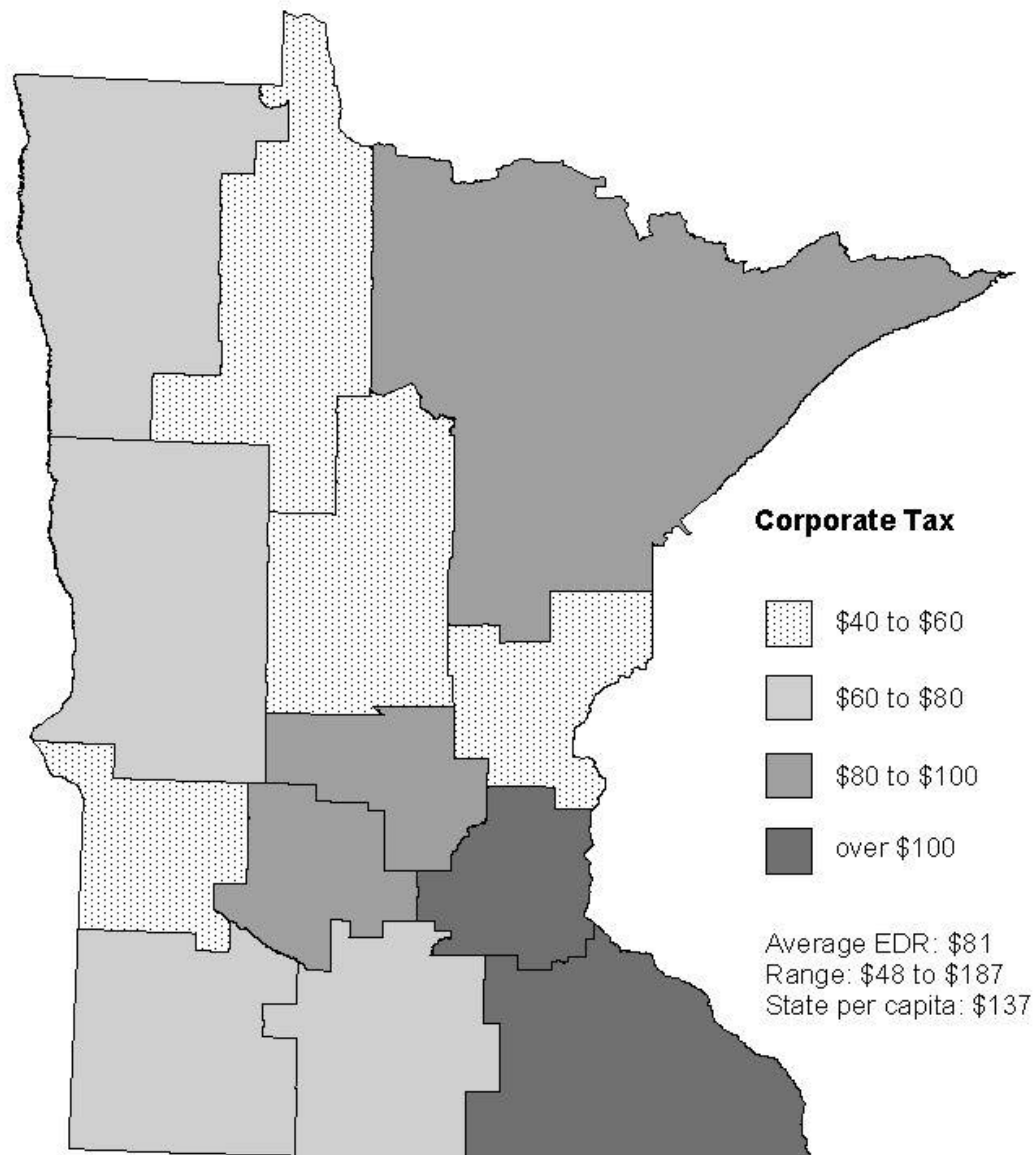
Returns Filed in 1998	# of Returns	% of Total	Tax Liability	% of Total	Average Tax
100% Minnesota Corporations					
Regular Tax	12,696	23.5%	\$60,778,790	9.2%	\$4,787
Minimum Tax	6,825	12.6	5,669,522	.8	831
No Tax	<u>11,259</u>	<u>20.8</u>	<u>0</u>	<u>0.0</u>	<u>0</u>
Total	30,780	56.9%	\$66,448,312	10.0%	\$2,159
Multi-State Corporations					
Regular Tax	12,374	22.9%	\$585,647,771	88.3%	\$47,329
Minimum Tax	5,326	9.9	11,369,048	1.7	2,135
No Tax	<u>5,580</u>	<u>10.3</u>	<u>0</u>	<u>0.0</u>	<u>0</u>
Total	23,280	43.1%	\$597,016,819	90.0%	\$25,645
All Corporations					
Regular Tax	25,070	46.4%	\$646,426,561	97.4%	\$25,785
Minimum Tax	12,151	22.5	17,038,570	2.6	1,402
No Tax	<u>16,839</u>	<u>31.1</u>	<u>0</u>	<u>0.0</u>	<u>0</u>
Total	54,060	100.0%	\$663,465,131	100.0%	\$12,273

¹² Related corporations, such as subsidiary, brother-sister, and parent corporations, must file on a unitary basis. For these corporations, the denominator of the three-factor apportionment formula (property, payroll, and sales) includes the factors of all the corporations in the unitary group. The numerator is the factors of the individual corporation, and the taxable income apportioned is the total income of the unitary group.

Corporate Tax per capita, 1998 by County



Corporate Tax per capita, 1998 by Economic Development Region



The Past Five Years of the Corporate Income Tax

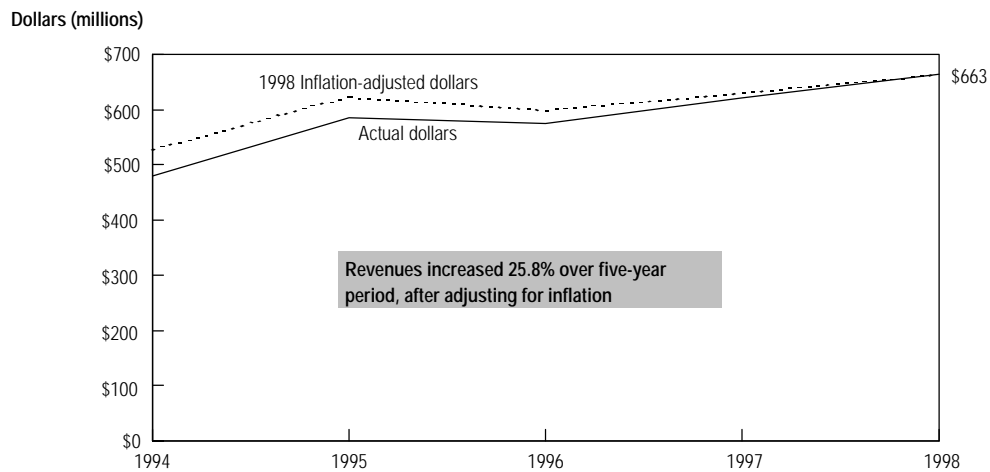
The table below shows the distribution of the corporate franchise tax in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of the corporate franchise tax for that same time period in current (actual) and constant (inflation-adjusted) dollars.

Corporate Income Tax: 1994 to 1998

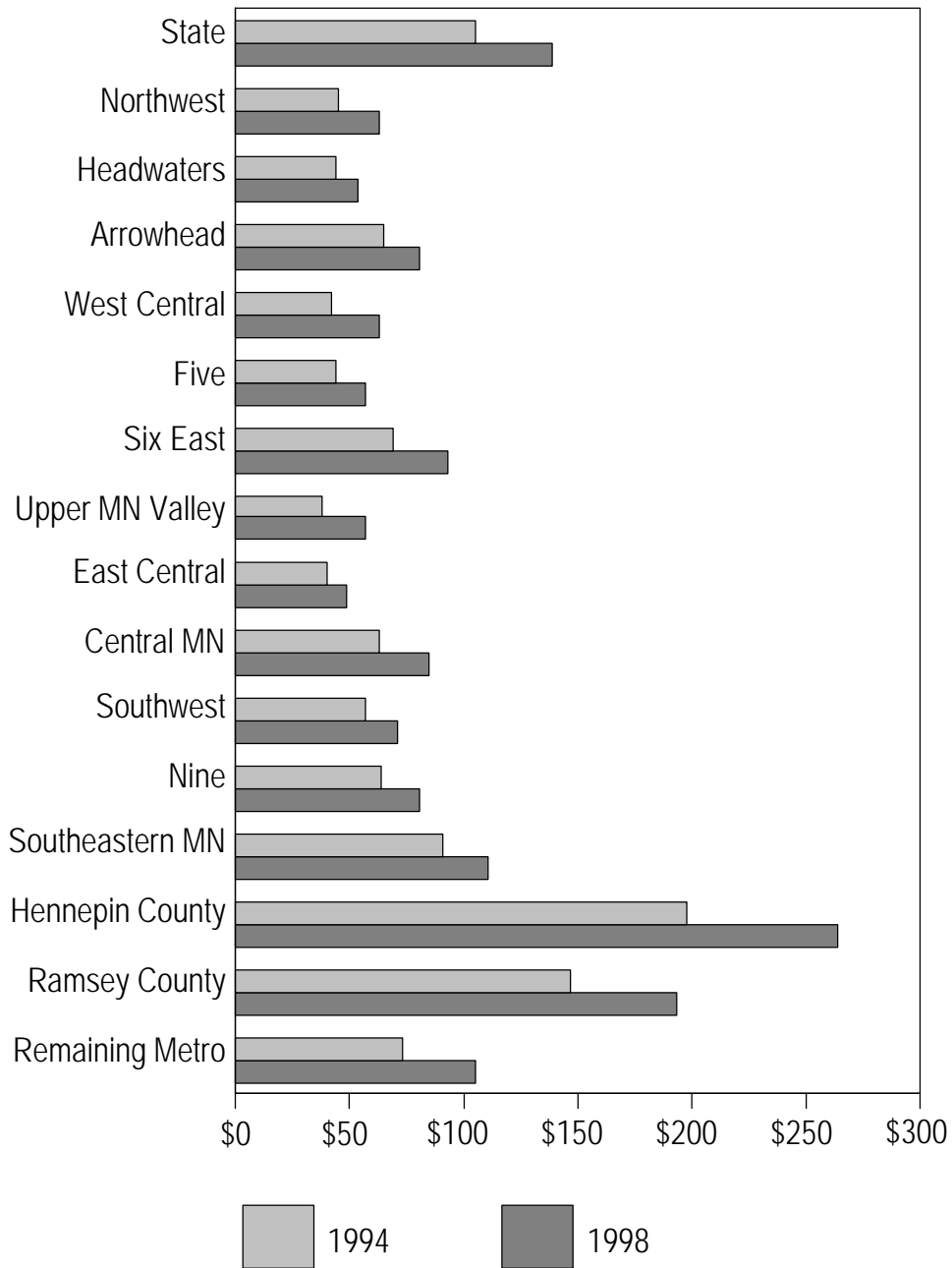
Current dollars, in thousands

State	1994	1995	1996	1997	1998	5-Yr. Chg. Tax
	\$479,859	\$585,937	\$574,677	\$620,384	\$663,465	38%
Northern Regions						
Northwest (1)	4,088	5,545	4,872	5,813	5,679	39
Headwaters (2)	3,085	3,584	3,572	4,088	3,940	28
Arrowhead (3)	20,378	24,837	24,103	25,677	25,817	27
West Central (4)	8,563	11,208	10,823	11,786	13,122	53
Five (5)	6,097	7,867	7,500	7,609	8,302	36
East Central (7E)	4,754	6,167	5,975	6,148	6,407	35
Southern Regions						
Six East (6E)	7,811	9,852	9,473	9,958	10,842	39
Upper MN Valley (6W)	1,937	2,469	2,661	2,765	2,886	49
Central MN (7W)	17,849	22,664	22,113	24,004	26,597	49
Southwest (8)	7,080	8,494	8,184	8,723	8,810	24
Nine (9)	13,896	17,509	16,706	17,640	18,089	30
Southeastern MN (10)	39,588	45,406	44,118	46,124	49,611	25
Total Nonmetro	\$135,125	\$165,601	\$160,101	\$170,336	\$180,102	33%
Metro Region						
Hennepin County	209,632	252,083	250,643	272,720	285,854	36
Ramsey County	72,341	88,542	85,691	91,840	96,158	33
Remaining Metro	62,761	79,710	78,243	85,489	101,351	61
Total Metro	\$344,734	\$420,335	\$414,577	\$450,048	\$483,363	40%

Statewide Corporate Income Tax



Per Capita Corporate Income Tax 1994 and 1998



2. Summary Data

This section contains summary data for the most recent available year on

- statewide totals
- the seven metro and the 80 nonmetro counties
- the 13 economic development regions

A sample table and a general explanation of the tables in sections 2, 3, and 4 of the report precedes the data.

General Explanation of Tables

The basic format is the same for all the regional and county tables in sections 3 and 4 of the report. (See adjacent page.)

I. MAJOR STATE AIDS/CREDITS. Although all of the aids/credits listed are paid by the state, there are three types of aids/credits.

A. Aids to Local Governments

- Are paid to the local taxing district and are part of its total revenue
- Benefit all types of property in the taxing district
- Reduce what is needed from the property tax levy

B. Property Tax Credits

- Are paid to the local taxing district, but are listed on the property tax statement as a credit against the property's gross tax
- Benefit only certain types of property
- Are computed on a parcel-by-parcel basis on qualifying property

C. Property Tax Refunds ("Circuit Breaker"/Targeting)

- Are paid directly to homeowners and renters (property tax refund)
- Are based upon a relationship between household income and the homeowner's property tax or the renter's share of property tax (property tax refund)
- Are targeted to homeowners who have large property tax increases in one year (targeting)

II. PROPERTY TAX DATA

A. Property Tax Levy for taxes payable in 1998 by type of taxing district

B. Property Valuation of taxable real and personal property for the 1997 assessment (taxes payable in 1998)

C. The Average Tax Rate for taxes payable in 1998

III. MAJOR STATE TAXES

- | | |
|---------------------------|-----------------------------------|
| • Individual Income Tax | • Motor Vehicle License Tax |
| • Sales/Use Tax | • Motor Fuels Tax (i.e., Gas Tax) |
| • Motor Vehicle Sales Tax | • Corporate Income Tax |

The motor vehicle sales tax, the motor vehicle license tax, the motor fuels tax, and the corporate income tax have been included in this report on a county-by-county basis. However, it should be stressed that these county amounts are only estimates since actual collections by county are not available. (See Section 1 for detail on how the county apportionments were calculated.)

	COUNTY			REGION	STATE
	Amount (000s)	Percent	Per Capita	Per Capita	Per Capita
I. Major State Aids/Credits					
A. Aids to Local Governments					
Education Aid (1998-1999)					
Human Services Aid (Calendar 1998)					
Medical Assistance					
Minnesota Family Investment Program					
General Assistance including GAMC					
Social Services					
Miscellaneous					
Total					
Highway Aid (Calendar 1999)					
County Aid					
Municipal Aid					
Township Aid					
Total					
Local Government Aid (Calendar 1999)					
Disparity Reduction Aid (Calendar 1999)					
Criminal Justice Aid (Payable 1999)					
Community Corrections Funding (1999)					
HACA (Payable 1999)					
County HACA					
City/Town HACA					
School District HACA					
Miscellaneous District HACA					
Total					
Total Aids					
B. Property Tax Credits (Payable 1999)					
Education Homestead Credit					
Miscellaneous Credits					
Total Property Tax Credits					
C. Property Tax Refunds (98 filed 99)					
Regular (Homeowners)					
Regular (Renters)					
Targeting Refund					
Total Property Tax Refunds					
Total Aids/Credits					
II. Property Tax Data					
A. Property Tax Levy (Payable 1999)					
County Levy					
City/Town Levy					
School District Levy					
Miscellaneous District Levy					
Total Net Tax Capacity/Market Levy					
Less Property Tax Credits					
Net Property Taxes Payable					
B. Property Valuation					
Market Valuation (1998 Assessment)					
Net Tax Capacity (1998 Assessment)					
C. Average NTC Tax Rate (Payable 1999)					
III. Major State Taxes					
Individual Income Tax (1998 filed 1999)					
Sales/Use Tax (Calendar 1998)					
Motor Vehicle Sales Tax (Calendar 1998)					
Motor Vehicle License Tax (Calendar 1998)					
Motor Fuels Tax (Calendar 1998)					
Corporate Income Tax (Calendar 1998)					
Total State Taxes					

Statewide Summary

Tables 2-1 and 2-2 contain the statewide totals of all the state aids and taxes presented in this report. Table 2-1 summarizes the total amounts for Minnesota residents only, whereas the amounts in Table 2-2 also include those dollars paid by nonresidents. The differences in the tables are in the area of income taxes and sales/use taxes.

The total state aids and credits contained in this report total about \$7.6 billion, whereas the total of the six major taxes listed in this report total almost \$10.1 billion paid by residents and an additional \$0.7 billion paid by nonresidents. This indicates that approximately 75 percent of the six major taxes collected from residents and about 70 percent of the six major taxes collected when combining taxes from the residents and nonresidents, are redistributed back to the taxing districts and to the taxpayers as tax relief as contained in this report.

It should be stressed that the total taxes presented in this report **are not the total of all taxes collected by the state**. The total net collections were about \$12.2 billion in fiscal year 1999 and \$12.95 billion in fiscal year 2000. Furthermore, the taxes presented in this report are not for a specific time period but are rather the latest available data and/or the next data in sequence to the 1998 Update report (dated March 2000). Therefore, the \$10.8 billion total taxes listed in this report (residents and nonresidents) is about 86 percent of the total taxes actually collected over that time period.

The taxes not contained in this report include estate, mortgage registry and deed, insurance gross premiums, MinnesotaCare, mineral, cigarette and tobacco products, lawful gambling, and alcoholic beverages. The collections from some of these taxes are dedicated for specific purposes.

Metro/Nonmetro Data

Tables 2-3 and 2-4 contain data comparing the metro and nonmetro counties. The metro counties are the Twin Cities seven metropolitan counties—Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. The nonmetro counties are the remaining 80 counties in the state.

Table 2-3 has the metro and nonmetro dollar amounts of aids and taxes and a per capita comparison.

Table 2-4 presents a statewide breakdown of metro versus nonmetro for each of the categories. Each item adds across to 100 percent; for example 49.0 percent of the education aid goes to metro counties and 51.0 percent goes to nonmetro counties.

Note: The metro and nonmetro totals add to the state totals in Table 2-1 which include only Minnesota residents.

The additional amounts paid by out-of-state taxpayers have not been allocated to any county. The amount of sales and income taxes which is unallocated to Minnesota is about \$703 million. Appendix B has a list of the type of tax and amounts not entirely allocated to Minnesota counties.

3. Regional Data

There are four statewide maps comparing various tax/aid factors.

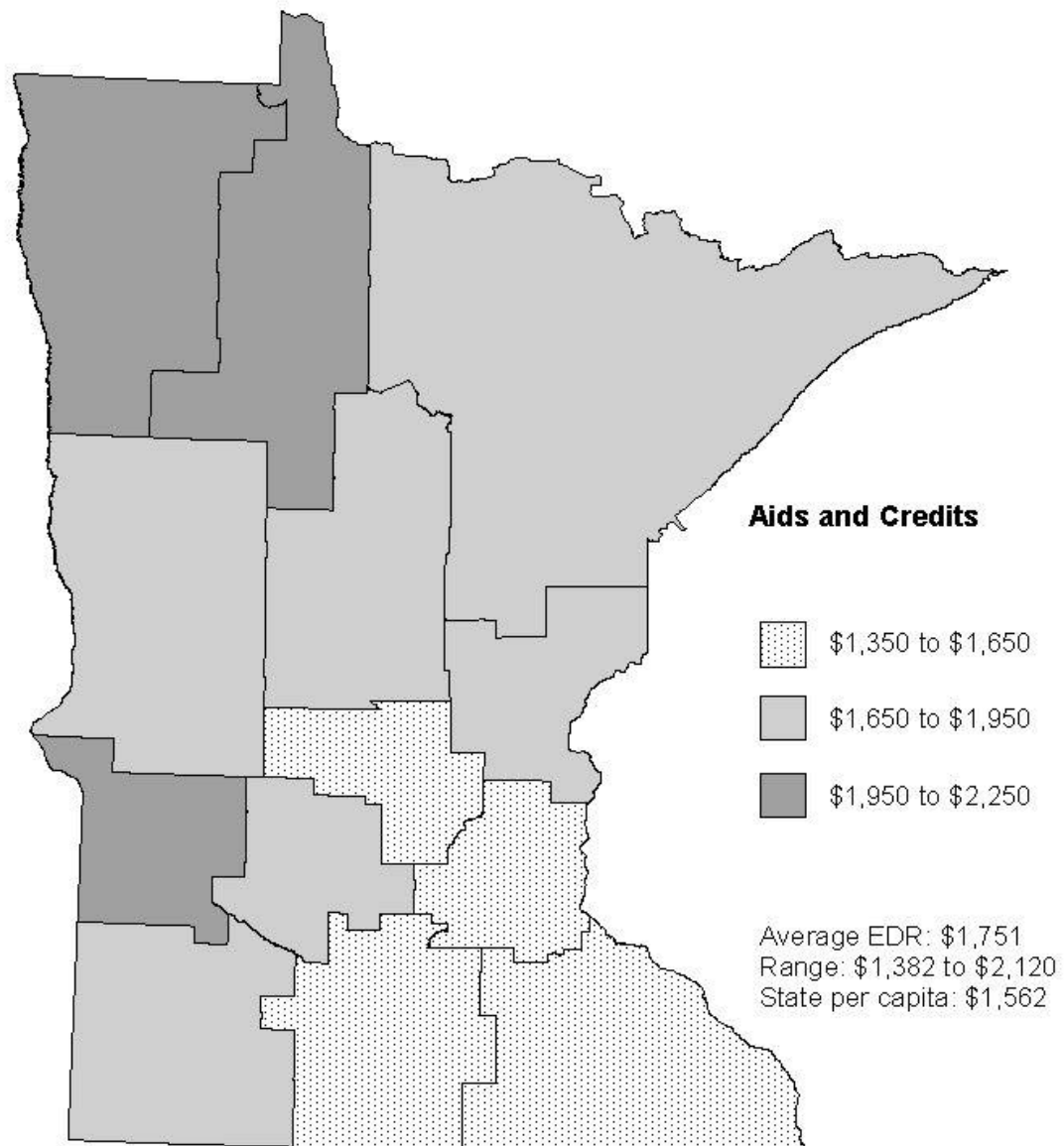
- map on page 130 is total per capita aid and credits by economic development region
- map on page 131 is total per capita taxes (residents only) by economic development region
- map on page 132 is average personal income by county
- map on page 133 is per capita personal income by region

Table 3 compares the state aid/tax data for each of the 13 regions with the statewide totals. There is a separate table for each region.

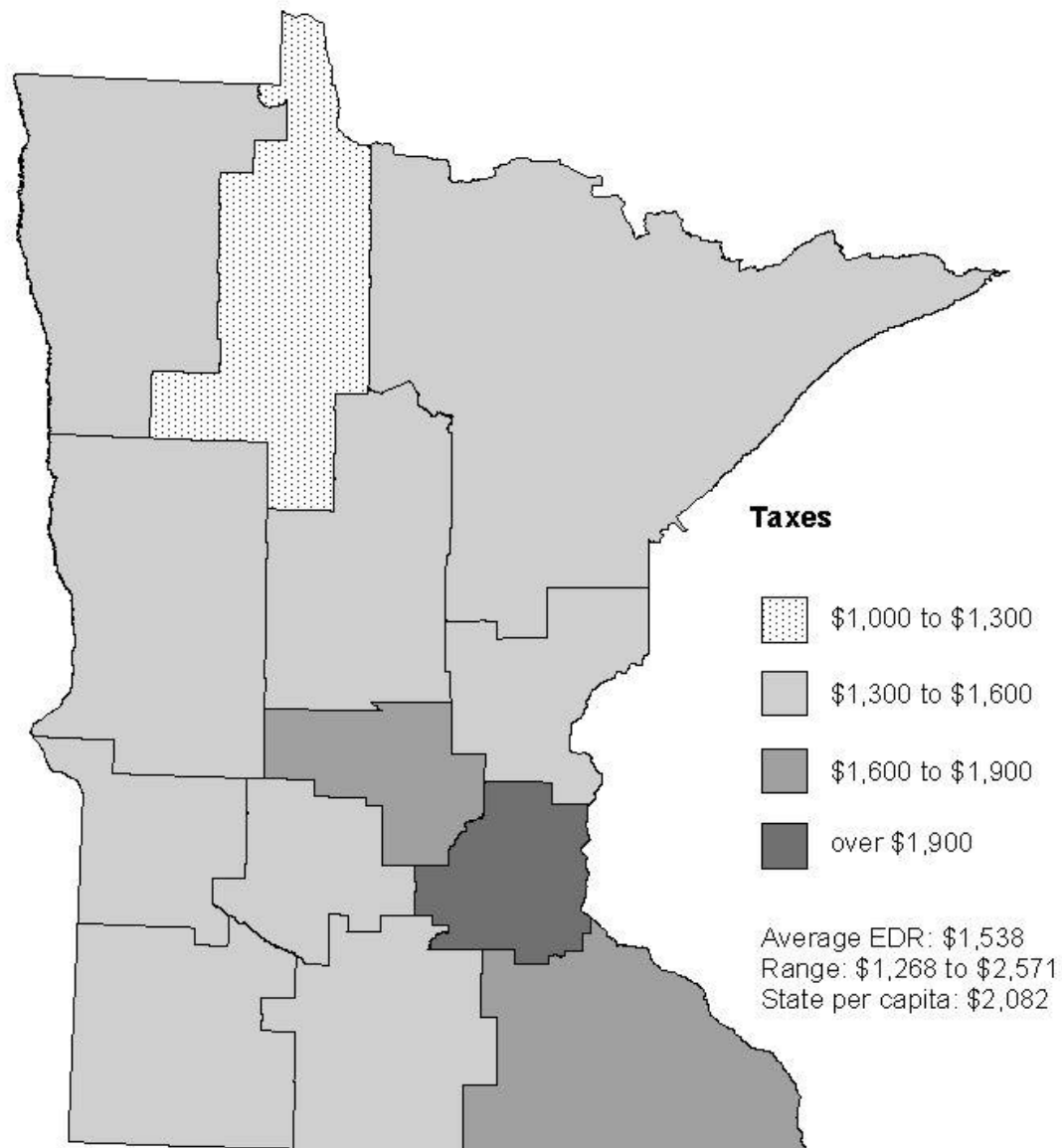
Statewide per capita amounts exclude income and sales taxes paid by nonresidents of Minnesota.

The map of Minnesota on page 6 and table on page 7 show the counties that are located in each of the 13 economic development regions.

Total Aids and Credits (\$7.6 billion) on a per capita basis

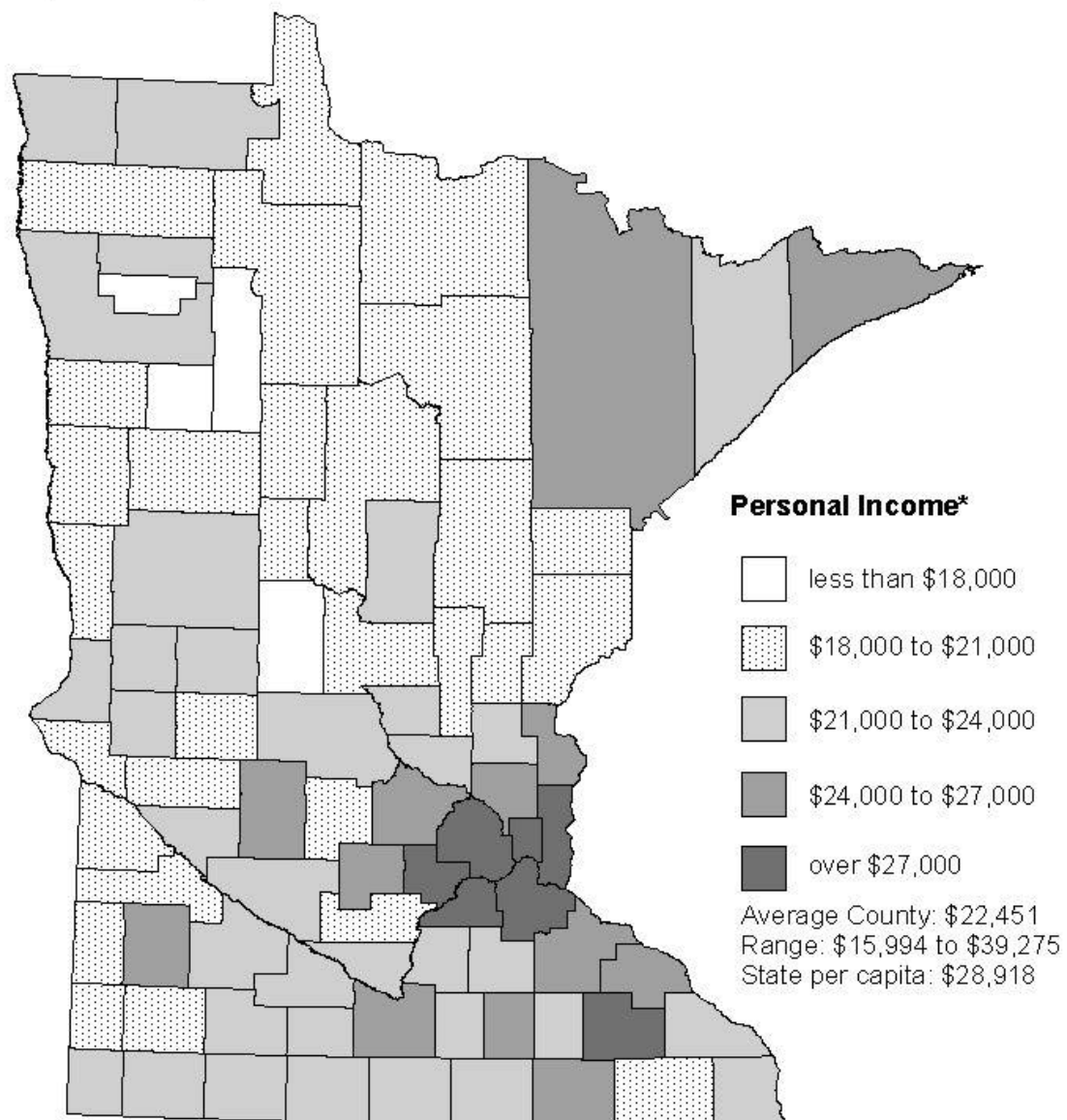


Total Taxes (\$10.1 billion)* on a per capita basis



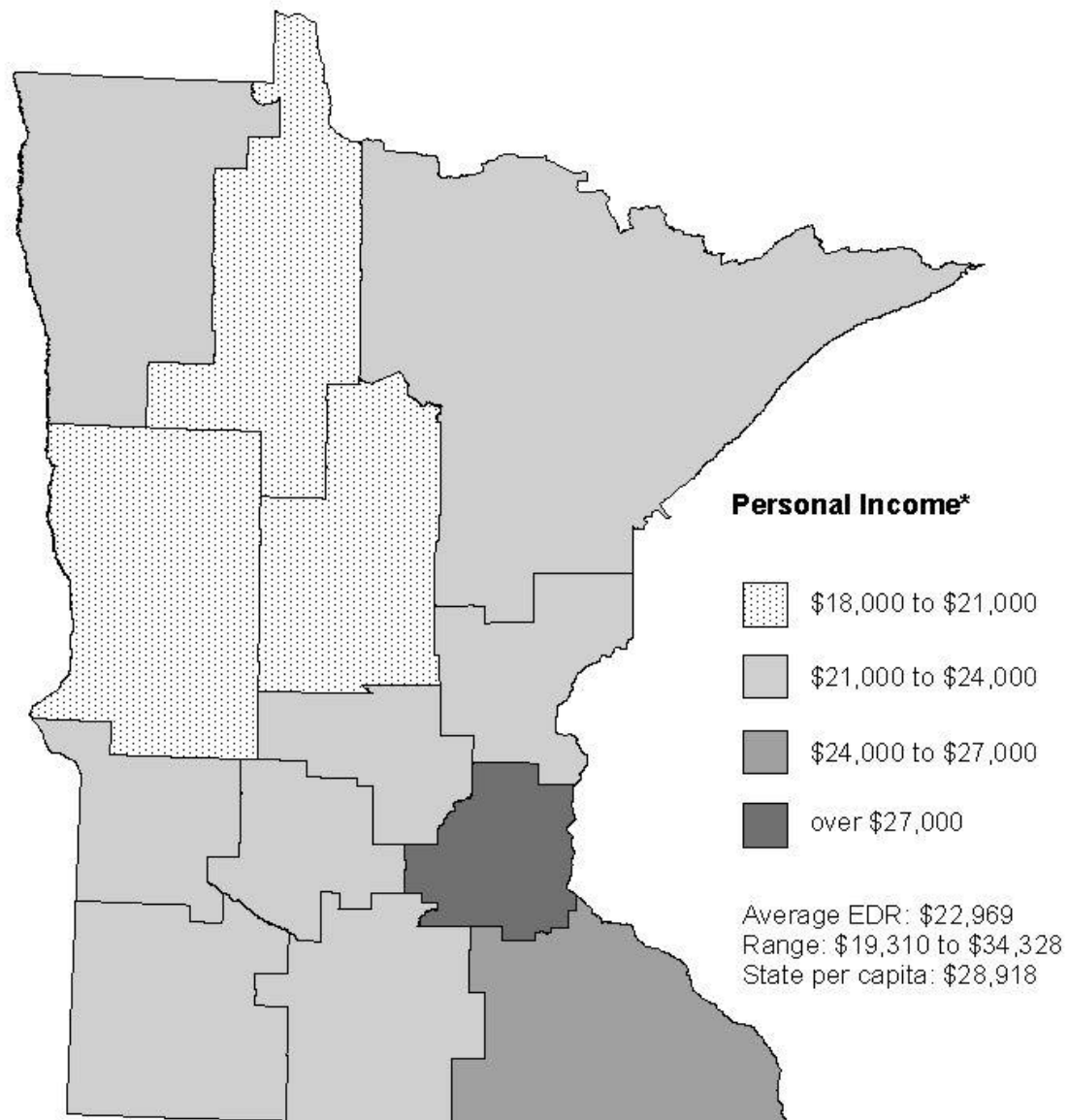
* Total taxes include only the taxes on residents. The \$703 million not allocated to Minnesota counties (i.e., nonresidents) is excluded.

Personal Income per capita, (\$138.3 billion in 1998) by County



* See Appendix C for listing of Personal Income by County and definition of Personal Income.

Personal Income per capita (\$138.3 billion in 1998) by Economic Development Region



* See Appendix D for listing of Personal Income by Economic Development Region and page 244 for definition of Personal Income.

4. County Data

This section compares data from each county with statewide data and data from the economic development regions in which the county is located. The counties are listed in alphabetical order. There is a separate table for each county.

Statewide per capita amounts exclude income and sales tax paid by nonresidents of Minnesota.

A table containing the 1999 estimated population, which was used for each county in determining the county and region per capita amounts, is on page 5.

Appendices

- A. **Education Aids** by Home County by School District, 1998/1999 School Year
- B. **Selected Taxes** That are Not Entirely Allocated to Minnesota Counties
- C. **1998 Personal Income** by County
- D. **1998 Personal Income** by Economic Development Region

Appendix A

Education Aids by Home County by School District 1998/1999 School Year*

County	School District	Education Aid	County	School District	Education Aid	County	School District	Education Aid
Aitkin	1	\$4,805,281	Brown	81	\$571,635	Clay	146	\$3,323,301
	2	2,437,947		84	2,530,102		150	4,742,285
	4	2,311,711		85	3,092,482		152	28,272,364
				88	11,374,721		914	1,520,747
	Total	9,554,939					2164	6,094,410
				Total	17,568,939		Total	43,953,107
Anoka	11	176,462,792	Carlton	91	3,470,554			
	12	29,768,974		93	3,339,146	Clearwater	162	6,159,510
	13	10,670,100		94	12,251,700		2311	2,103,610
	14	10,401,423		95	1,845,981			
	15	26,731,013		97	3,706,887		Total	8,263,120
	16	14,495,676		99	5,371,984			
	Total	268,529,978		100	1,819,143	Cook	166	1,345,570
				Total	31,805,395		Total	1,345,570
Becker	21	1,047,480						
	22	13,288,703	Carver	108	4,883,138	Cottonwood	173	2,505,508
	23	6,765,374		110	7,015,514		175	990,144
	24	1,706,594		111	5,404,211		177	5,010,573
	25	630,847		112	28,716,246			
	Total	23,438,997		Total	46,019,109		Total	8,506,225
Beltrami	31	27,598,070				Crow Wing	181	29,600,377
	32	4,956,248	Cass	113	3,026,828		182	5,086,848
	36	2,315,805		115	6,890,155		186	665,447
	38	10,013,883		116	1,923,565			
	Total	44,884,006		118	1,490,625		Total	35,352,672
				2174	5,021,668			
Benton	47	15,068,533		Total	18,352,841	Dakota	6	15,280,887
	51	8,721,686					191	43,645,651
			Chippewa	129	8,187,784		192	19,999,151
	Total	23,790,220		2180	4,030,086		194	33,808,661
				Total	12,217,870		195	1,480,551
Big Stone	62	3,750,594					196	101,870,621
	2888	2,698,368	Chisago	138	16,774,988		197	10,206,575
				139	4,275,580		199	16,822,923
	Total	6,448,961		323	149,904		200	21,579,740
				2144	13,628,752		Total	264,694,760
Blue Earth	75	3,124,440						
	77	24,583,083		Total	34,829,224	Dodge	203	4,084,886
	2071	4,435,324					204	7,825,846
	2135	5,158,844					2125	5,063,727
	Total	37,301,691					Total	16,974,459

* See page 10 for a description of what is included in the "education aid" amount.

**Education Aids by Home County by School District
1998/1999 School Year**

County	School District	Education Aid	County	School District	Education Aid	County	School District	Education Aid
Douglas	206	\$15,462,467	Hennepin	1	\$268,708,665	Kandiyohi	345	\$7,634,761
	207	1,652,668		270	11,164,693		347	22,599,517
	208	1,187,202		271	26,257,324		815	105,510
	213	3,176,514		272	24,445,425		Total	30,339,788
	Total	21,478,851		273	6,664,889	Kittson		
Faribault				276	19,732,704		356	1,150,473
	2134	4,378,219		277	5,192,977		2171	927,464
	2860	6,297,693		278	5,696,348		2358	1,833,395
	Total	10,675,912		279	90,492,809		Total	3,911,331
Fillmore				280	12,610,398	Koochiching		
	229	1,903,555		281	52,670,325		361	7,610,405
	238	1,890,367		282	4,796,665		362	1,961,180
	239	3,475,722		283	10,162,234		363	3,579,932
	2137	4,872,832		284	13,547,558	Total		
	2198	3,620,114		286	7,296,410		Total	13,151,517
	Total	15,762,590	Houston	Total	559,439,422	Lac Qui Parle		
Freeborn				294	2,001,541		371	609,562
	241	18,653,340		297	1,832,064		378	2,807,881
	242	1,995,978		299	4,691,748		2853	5,860,186
	2886	2,390,184		300	7,370,533	Total		
	Total	23,039,503		Total	15,895,887		Total	9,277,628
Goodhue			Hubbard			Lake	381	9,058,513
	252	5,664,553		306	1,725,071			
	253	2,705,709		308	2,141,721	Total		
	255	5,867,150		309	7,314,587		390	4,027,294
	256	7,367,575	Total	Total	11,181,379	Lake of the Woods		
	2172	4,513,652					Total	4,027,294
	Total	26,118,638	Isanti	314	5,357,430	LeSueur	391	1,598,874
Grant				911	21,615,972		392	4,039,510
	261	1,542,821	Total	Total	26,973,402		394	5,257,157
	264	576,938					2143	4,807,209
	2342	3,742,014	Itasca	316	8,294,397		2397	5,841,239
	Total	5,861,774		317	5,361,787	Total		
				318	15,527,630		Total	21,543,989
				319	4,271,284	Lincoln	402	966,136
				Total	33,455,098		403	1,321,924
			Jackson				404	1,131,461
				328	279,917		409	1,603,255
				330	1,444,181	Total		
				2862	5,748,183		Total	5,022,775
			Total	Total	7,472,281	Kanabec		
			Total	332	9,299,784			
				333	3,997,460			
			Total	Total	13,297,244			

**Education Aids by Home County by School District
1998/1999 School Year**

County	School District	Education Aid	County	School District	Education Aid	County	School District	Education Aid
Lyon	411	\$808,030	Morrison	482	\$19,786,690	Otter Tail	542	\$1,152,953
	413	8,400,362		484	5,515,159		544	14,122,863
	414	2,393,017		485	3,767,680		545	1,800,210
	415	710,004		486	2,287,776		547	3,413,566
	417	3,038,000		487	2,185,365		548	5,113,033
	418	672,929					549	7,470,009
	2167	2,156,597		Total	33,542,668		550	2,166,897
							553	4,130,442
	Total	18,178,939	Mower	492	19,831,866		Total	39,369,973
McLeod				495	1,654,215	Pennington		
	423	12,508,044		497	1,183,490		561	1,513,415
	424	2,504,432		499	1,810,701		564	11,201,271
	2859	8,402,172		500	2,840,307			
	2887	2,475,561		Total	27,320,580		Total	12,714,686
	Total	25,890,210	Murray	505	2,628,714	Pine	577	2,578,444
Mahnommen	432	4,961,337		2169	3,715,064		578	7,919,046
	435	3,694,954					2165	5,067,621
	Total	8,656,291		Total	6,343,778		2580	5,400,339
Marshall			Nicollet	507	1,536,020		Total	20,965,451
	441	1,558,763		508	8,791,098	Pipestone	581	1,225,279
	447	1,543,977					584	784,287
	2176	2,723,626		Total	10,327,118		2689	6,901,366
	2856	1,772,724	Nobles	511	2,556,416		Total	8,910,931
	Total	7,599,090		513	820,763	Polk	592	554,718
Martin				514	675,224		593	8,057,889
	458	1,723,085		516	505,017		595	10,588,617
	2448	3,248,665		518	11,207,848		599	2,966,834
	2536	1,042,252	Norman				600	845,260
	2752	9,839,682		2215	2,464,979		601	3,956,212
	Total	15,853,685		2527	1,762,532		604	515,740
Meeker				2854	2,381,778		2609	2,252,746
	463	4,408,244	Olmsted			Pope		
	465	8,867,410		227	3,847,569		611	666,400
	466	10,655,139		531	6,549,541		2149	8,026,563
	2396	44,586,930		533	4,641,110		Total	8,692,963
	Total	28,517,723		534	8,188,046	Ramsey	621	39,461,994
Mille Lacs				535	59,867,583		622	41,991,316
	473	2,144,583					623	18,968,055
	477	13,867,873		Total	83,093,849		624	35,376,075
	480	3,710,059					625	255,838,245
	912	9,180,881					Total	391,635,685
	Total	28,903,396						

**Education Aids by Home County by School District
1998/1999 School Year**

County	School District	Education Aid	County	School District	Education Aid	County	School District	Education Aid
Red Lake	627	\$1,122,602	St. Louis	695	\$5,076,498	Steele	756	\$3,995,947
	628	853,995		696	2,633,573		761	20,179,527
	630	2,851,692		698	1,790,615		763	1,833,186
				700	7,520,491			
	Total	4,828,289		701	16,057,053	Total	26,008,660	
Redwood				704	9,305,520	Stevens		
	635	631,337		706	10,119,272		768	1,226,892
	640	1,835,961		707	995,647		769	4,669,178
	641	573,877		709	64,911,796		771	860,453
	2754	1,569,648		712	2,936,663			
	2758	6,639,393	2142	12,438,058	Total	6,756,523		
	2884	1,906,577	2154	7,366,703	Swift			
			2711	5,825,987		775	3,214,840	
	Total	13,156,794				777	5,342,209	
Renville			Total	146,977,875				
			Scott			Total	8,557,049	
	2159	1,974,959		716	5,096,264			
	2534	3,843,757		717	5,259,028	Todd	786	3,070,449
	3001	3,851,652		719	16,463,564		787	2,836,188
		720		14,187,251	2170		9,062,885	
Rice			721	11,388,905	2753	8,472,912		
	656	22,925,654	Total		2759	2,828,807		
	659	14,819,665						
	Total	37,745,319			Total	26,271,240		
Rock			Sherburne	726	-331,656*	Traverse		
				727	10,058,442		801	905,427
	671	1,365,710		728	38,307,382		803	2,110,669
	2184	6,029,469						
			Total	48,034,168		Total	3,016,097	
Roseau			Sibley	2310	5,280,478	Wabasha	806	2,575,845
	676	1,149,789		2365	3,778,989		810	5,060,148
	682	7,070,177					811	3,367,489
	690	7,709,393	Total	9,059,467	813	6,079,578		
	2683	3,205,730				2805	6,075,152	
			Stearns	738	5,680,019	Total		
Total	19,135,089	739		4,543,589			23,158,211	
		740		7,828,119	Wadena			
		741		6,374,864		818	2,295,701	
		742		46,856,206		820	3,052,180	
		743		6,045,761		821	3,811,878	
		745		8,044,986		2155	7,943,914	
		748		11,484,725				
		750		10,349,248		Total	17,103,672	
		2364		4,698,711				
		Total	111,906,228					

* Becker school district (No. 726) generates all of its general education revenue with a tax rate that is below the prescribed rate for other districts. However, the district is required to levy the prescribed rate, and the district's other state aids are reduced by the amount of the additional levy. Since this table does not include HACA in the definition of school aids, the negative amount shown reflects the subtraction that was made to the district's HACA. A district is not required to send locally raised revenue to the state.

**Education Aids by Home County by School District
1998/1999 School Year**

County	School District	Education Aid	County	School District	Education Aid	County	School District	Education Aid
Waseca	829	\$10,217,285	Watonwan	836	\$676,503	Wright	876	\$7,883,137
	2168	4,396,506		837	2,839,425		877	20,507,850
	2835	2,757,360		840	5,968,507		879	6,710,412
							881	3,825,450
	Total	17,371,151		Total	9,484,435		882	11,530,117
Washington	831	32,266,783	Wilkin	846	3,898,157		883	7,449,732
	832	10,090,828		850	1,171,248		885	10,819,920
	833	58,310,752		852	304,926		2687	3,915,722
	834	29,838,142					Total	72,642,340
	Total	130,506,505		Total	5,374,331	Yellow Medicine	891	3,668,185
			Winona	857	3,649,462		2190	5,849,325
				858	4,445,411			
				861	20,597,116		Total	9,517,510
				Total	28,691,988			

State Total: \$3,494,209,986

Appendix B

Selected Taxes That Are Not Entirely Allocated To Minnesota Counties

Type of Tax	Allocated to Minnesota Counties		Not Allocated to Minnesota Counties		TOTAL
	Amount	Percent*	Amount	Percent*	
Individual Income Tax	\$5,213,111,318	96.2%	\$204,314,772	3.8%	\$5,417,426,090
Sales/Use Tax**	\$2,673,420,327	84.3%	\$498,813,781	15.7%	\$3,172,234,108
Total	\$7,886,531,645	91.8%	\$703,128,553	8.2%	\$8,589,660,198

* Percents added across equal 100 percent.

** See page 85 for discussion of estimated sales/use tax amounts not allocated to Minnesota counties.

Appendix C

1998 Personal Income by County (See definition of “personal income” on the following page)

	Personal Income (millions)	County Per Capita Personal Income	Economic Development Region Per Capita Personal Income
Aitkin	\$270	\$19,135	\$23,281
Anoka	7,704	26,486	34,328
Becker	590	19,953	20,914
Beltrami	759	20,027	19,310
Benton	742	21,551	22,698
Big Stone	117	19,844	21,023
Blue Earth	1,386	24,916	22,977
Brown	635	22,705	22,977
Carlton	656	20,820	23,281
Carver	2,060	32,508	34,328
Cass	503	20,130	19,942
Chippewa	313	23,996	21,023
Chisago	1,038	25,806	21,813
Clay	1,050	19,750	20,914
Clearwater	142	16,889	19,310
Cook	120	26,676	23,281
Cottonwood	272	21,036	22,069
Crow Wing	1,168	22,640	19,942
Dakota	10,849	31,979	34,328
Dodge	397	22,975	25,461
Douglas	710	22,567	20,914
Faribault	353	21,469	22,977
Fillmore	438	20,902	25,461
Freeborn	690	21,356	25,461
Goodhue	1,155	26,690	25,461
Grant	132	21,207	20,914
Hennepin	42,491	39,275	34,328
Houston	464	23,920	25,461
Hubbard	335	19,796	19,310
Isanti	671	22,328	21,813
Itasca	883	20,187	23,281
Jackson	251	21,431	22,069
Kanabec	261	18,337	21,813
Kandiyohi	1,021	24,441	23,646
Kittson	116	21,192	21,141
Koochiching	329	20,778	23,281
Lac qui Parle	176	20,654	21,023
Lake	230	21,485	23,281
Lake of the Woods	90	19,803	19,310
LeSueur	596	23,656	22,977
Lincoln	127	19,131	22,069
Lyon	622	24,402	22,069
McLeod	895	25,660	23,646
Mahnomen	83	15,994	19,310
Marshall	200	19,152	21,141

	Personal Income (millions)	County Per Capita Personal Income	Economic Development Region Per Capita Personal Income
Martin	\$519	\$22,760	\$22,977
Meeker	458	20,899	23,646
Mille Lacs	411	19,528	21,813
Morrison	584	18,540	19,942
Mower	912	24,255	25,461
Murray	201	20,981	22,069
Nicollet	690	22,909	22,977
Nobles	449	22,167	22,069
Norman	160	20,890	21,141
Olmsted	3,611	30,334	25,461
Ottertail	1,167	21,448	20,914
Pennington	308	22,638	21,141
Pine	443	18,526	21,813
Pipestone	216	20,716	22,069
Polk	685	21,550	21,141
Pope	227	20,667	20,914
Ramsey	15,962	32,046	34,328
Red Lake	78	17,609	21,141
Redwood	385	22,322	22,069
Renville	370	21,169	23,646
Rice	1,215	22,461	25,461
Rock	217	21,972	22,069
Roseau	349	21,423	21,141
St. Louis	4,958	24,860	23,281
Scott	2,298	29,493	34,328
Sherburne	1,342	22,394	22,698
Sibley	287	19,195	22,977
Stearns	2,928	22,188	22,698
Steele	868	26,666	25,461
Stevens	231	21,750	20,914
Swift	236	19,943	21,023
Todd	399	16,612	19,942
Traverse	94	22,230	20,914
Wabasha	505	24,164	25,461
Wadena	248	18,465	19,942
Waseca	416	22,181	22,977
Washington	5,979	30,981	34,328
Watonwan	254	21,770	22,977
Wilkin	149	20,327	20,914
Winona	1,128	22,714	25,461
Wright	2,053	24,170	22,698
Yellow Medicine	227	19,644	21,023
Metro	\$87,342	\$34,328	
Nonmetro	50,965	22,768	
Statewide	\$138,307	\$28,918	

Personal income by county is estimated by the Bureau of Economic Analysis, and is defined as “the sum of wage and salary disbursements, other labor income, proprietors’ income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and transfer payments to persons, less personal contributions for social insurance.”

Appendix D

1998 Personal Income by Economic Development Region

Region		Per Capita		
Number	Name	Personal Income	Taxes	Aids/Credits
1	Northwest	\$21,141	\$1,305	2,120
2	Headwaters	19,310	1,268	2,072
3	Arrowhead	23,281	1,556	1,929
4	West Central	20,914	1,374	1,707
5	Five	19,942	1,443	1,801
6E	Six East	23,646	1,500	1,674
6W	Upper MN Valley	21,023	1,366	2,102
7E	East Central	21,813	1,377	1,725
7W	Central Minnesota	22,698	1,628	1,382
8	Southwest	22,069	1,356	1,757
9	Nine	22,977	1,536	1,521
10	Southeastern MN	25,461	1,714	1,516
11	Metro	34,328	2,571	1,458